

**STATE OF ILLINOIS  
BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**FINANCIAL AUDIT  
(In Accordance with the Single Audit Act  
and OMB Circular A-133)  
For the year ended June 30, 2011**

**Performed as Special Assistant Auditors  
for the Auditor General, State of Illinois**

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

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**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**OFFICIALS**

Regional Superintendent (during the audit period).....Mr. Mark Drone  
Regional Superintendent (current).....Ms. Julie Wollerman  
Assistant Regional Superintendent (during the audit period) .....Ms. Julie Wollerman  
Assistant Regional Superintendent (current) ..... Vacant

Offices are located at:

300 S. 7<sup>th</sup> Street  
Vandalia, IL 62471

200 W. College  
Greenville, IL 62246

101 N. 4<sup>th</sup> Street, Room 204  
Effingham, IL 62401

1805 W. Fletcher – Suite B  
Vandalia, IL 62471

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**COMPLIANCE REPORT SUMMARY**

The compliance audit testing performed during this audit was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

**AUDITORS' REPORTS**

The auditors' reports on compliance and on internal controls do not contain scope limitations, disclaimers, or other significant non-standard language.

**SUMMARY OF AUDIT FINDINGS**

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	2	1
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	0	0

Details of audit findings are presented in a separate report section.

Additional matters which were less than significant deficiencies or material weaknesses but more than inconsequential, have been reported in a Management Letter of Comments to the Regional Superintendent. In prior years, these issues may have been included as immaterial findings in the auditors' reports.

**SUMMARY OF FINDINGS AND QUESTIONED COSTS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
11-1	13-14	Controls Over Financial Statement Preparation	Material Weakness
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)			
11-2	15-16	Unallowable Costs Charged to Federal Program	Compliance Material Weakness

**PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)**

There were no prior findings not repeated.

**PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)**

There were no prior findings.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**COMPLIANCE REPORT SUMMARY** (Continued)

**EXIT CONFERENCE**

An informal exit conference was held on October 21, 2011. Attending were Julie Wollerman, Regional Superintendent, Jill Wright, Bookkeeper of the Regional Office of Education #3, and Nathan Earnest of West & Company, LLC. Responses to the recommendations were provided by Julie Wollerman via e-mail on November 28, 2011.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**FINANCIAL STATEMENT REPORT**

**SUMMARY**

The audit of the accompanying basic financial statements of the Bond, Fayette, and Effingham Counties Regional Office of Education #3 was performed by West & Company, LLC.

Based on their audit, the auditors expressed an unqualified opinion on the Regional Office of Education #3's basic financial statements.

# WEST & COMPANY, LLC

## MEMBERS

E. LYNN FREESE  
RICHARD C. WEST  
BRIAN E. DANIELL  
JANICE K. ROMACK  
DIANA R. SMITH  
D. RAIF PERRY  
JOHN H. VOGT  
JOSHUA D. LOWE

## CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## OFFICES

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EFFINGHAM  
GREENVILLE  
MATTOON  
SULLIVAN

## INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bond, Fayette, and Effingham Counties Regional Office of Education #3, as of and for the year ended June 30, 2011, which collectively comprise the Bond, Fayette, and Effingham Counties Regional Office of Education #3's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Bond, Fayette, and Effingham Counties Regional Office of Education #3's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bond, Fayette, and Effingham Counties Regional Office of Education #3, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the Financial Statements, the Bond, Fayette, and Effingham Counties Regional Office of Education #3 adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended June 30, 2011. The statement changed the classifications of governmental fund balances and clarified the definitions of existing fund types. The adoption of this statement had no effect on any of the Bond, Fayette, and Effingham Counties Regional Office of Education #3's funds' assets or liabilities, nor was there any effect to the total amount of any of the Bond, Fayette, and Effingham Counties Regional Office of Education #3's governmental fund balances as of and for the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 24, 2012 on our consideration of the Bond, Fayette, and Effingham Counties Regional Office of Education #3's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund - Schedule of Funding Progress on pages 20A-20L and 50 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bond, Fayette, and Effingham Counties Regional Office of Education #3's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*West + Company, LLC*

January 24, 2012

# WEST & COMPANY, LLC

## MEMBERS

E. LYNN FREESE  
RICHARD C. WEST  
BRIAN E. DANIELL  
JANICE K. ROMACK  
DIANA R. SMITH  
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### INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bond, Fayette, and Effingham Counties Regional Office of Education #3, as of and for the year ended June 30, 2011, which collectively comprise the Bond, Fayette, and Effingham Counties Regional Office of Education #3's basic financial statements and have issued our report thereon dated January 24, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

Management of the Bond, Fayette, and Effingham Counties Regional Office of Education #3 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Bond, Fayette, and Effingham Counties Regional Office of Education #3's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Bond, Fayette, and Effingham Counties Regional Office of Education #3's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bond, Fayette, and Effingham Counties Regional Office of Education #3's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in finding 11-1 in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

Member of Private Companies Practice Section

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Bond, Fayette, and Effingham Counties Regional Office of Education #3's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters which we have reported to management of the Bond, Fayette, and Effingham Counties Regional Office of Education #3 in a separate letter dated January 24, 2012.

Bond, Fayette, and Effingham Counties Regional Office of Education #3's response to the finding identified in our audit is described in the accompany Schedule of Findings and Questioned Costs. We did not audit Bond, Fayette, and Effingham Counties Regional Office of Education #3's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management, others within the entity, Illinois State Board of Education, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*West + Company, LLC*

January 24, 2012

**WEST & COMPANY, LLC**

MEMBERS

E. LYNN FREESE  
RICHARD C. WEST  
BRIAN E. DANIELL  
JANICE K. ROMACK  
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133***

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

We have audited the Bond, Fayette, and Effingham Counties Regional Office of Education #3's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The Bond, Fayette, and Effingham Counties Regional Office of Education #3's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Bond, Fayette, and Effingham Counties Regional Office of Education #3's management. Our responsibility is to express an opinion on the Bond, Fayette, and Effingham Counties Regional Office of Education #3's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Bond, Fayette, and Effingham Counties Regional Office of Education #3's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Bond, Fayette, and Effingham Counties Regional Office of Education #3's compliance with those requirements.

As described in item 11-2 in the accompanying Schedule of Findings and Questioned Costs, the Bond, Fayette, and Effingham Counties Regional Office of Education #3 did not comply with requirements regarding documentation of allowable costs that are applicable to its Title I – Reading First Part B SEA program. Compliance with such requirements is necessary, in our opinion, for the Bond, Fayette, and Effingham Counties Regional Office of Education #3 to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Bond, Fayette, and Effingham Counties Regional Office of Education #3 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

## Internal Control Over Compliance

Management of the Bond, Fayette, and Effingham Counties Regional Office of Education #3 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Bond, Fayette, and Effingham Counties Regional Office of Education #3's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Bond, Fayette, and Effingham Counties Regional Office of Education #3's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 11-2 to be a material weakness.

Bond, Fayette, and Effingham Counties Regional Office of Education #3's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Bond, Fayette, and Effingham Counties Regional Office of Education #3's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management, others within the organization, Illinois State Board of Education, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*West + Company, LLC*

January 24, 2012

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2011**

---

**Section I -- Summary of Auditors' Results**

---

**Financial statements**

Type of auditors' report issued:

UNQUALIFIED

Internal control over financial reporting:

- Material weakness(es) identified?   X   yes        no
  
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?        yes   X   none reported
  
- Noncompliance material to financial statements noted?        yes   X   no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?   X   yes        no
  
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?        yes   X   none reported

Unqualified for all major programs except  
for Title I - Reading First Part B SEA,  
which was qualified

Type of auditors' report issued on compliance for major programs:

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?

  X   yes        no

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2011**

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**Section I -- Summary of Auditors' Results (concluded)**

---

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of federal program or cluster</u>
84.196A 84.387A	Education for Homeless Children and Youth Cluster: McKinney Education for Homeless Children ARRA-McKinney Education for Homeless Children
84.357A	Title I Reading First Part B SEA
84.410A	ARRA Education Jobs Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? \_\_\_\_\_ yes \_\_\_\_\_ X no

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2011**

**Section II: Financial Statement Findings**

**FINDING NO. 11-1 – Controls Over Financial Statement Preparation (repeat of 10-1, 09-1, 08-1 and 07-1)**

**Criteria/Specific Requirement:**

The Regional Office of Education #3 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

**Condition:**

The Regional Office of Education #3 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation/review of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office does not have adequate controls over the maintenance of complete records of cash, accounts receivable, capital assets, accrued expenses, or deferred revenue.
- Numerous adjustments are required to present financial statements in accordance with generally accepted accounting principles.

**Effect:**

Management or employees in the normal course of performing their assigned functions may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

**Cause:**

According to Regional Office officials, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements. Additionally, adequate training from the accounting software company is not available.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2011**

**Section II - Financial Statement Findings** (Continued)

**FINDING NO. 11-1 – Controls Over Financial Statement Preparation (repeat of 10-1, 09-1, 08-1 and 07-1)** (Continued)

**Auditors' Recommendation:**

As part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #3 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

**Management's Response:**

The Regional Superintendent understands this finding and will pursue training for the local bookkeeping personnel in order to comply with GAAP.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2011**

**Section III – Federal Award Findings**

**FINDING NO. 11-2 – Unallowable Costs Charged to Federal Program**

**Federal Program Name:** Title I – Reading First Part B SEA

**Project #:** 10-4337

**CFDA #:** 84.357A

**Passed Through:** Illinois State Board of Education

**Federal Agency:** U.S. Department of Education

**Criteria/Specific Requirement:**

Regulations set forth by *OMB Circular A-87 (Revised 5/10/04)* require costs allowable under federal awards to meet the following general criteria:

1. The costs must be necessary and reasonable for proper and efficient performance of federal awards.
2. The costs must be adequately documented.

**Condition:**

During our compliance testing of the Title I – Reading First Part B SEA program, we found 2 disbursements out of 13 tested that did not have adequate documentation. These disbursements were to purchase \$50 and \$150 gift cards from two vendors. The Regional Office officials stated the cards were given to workshop participants to purchase educational materials at a later date. However, there was no follow up documentation maintained to support what was purchased with the gift cards, whether those purchases were for allowable costs or when the ultimate purchase was made. Furthermore, one of the gift card purchases was made on the last day of the grant period.

**Questioned Costs:** \$1,550

**Context:**

We tested the Title I – Reading First Part B SEA grant as a major program during the fiscal year 2011. As part of the compliance test, we selected all 13 non-payroll disbursements and reviewed the invoices for compliance with the program. Regional Office of Education #3 had total expenditures of \$8,007 during fiscal year 2011 for this grant.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2011**

**Section III – Federal Award Findings** (Continued)

**FINDING NO. 11-2 – Unallowable Costs Charged to Federal Program** (Continued)

**Effect:**

The Regional Office of Education #3 is not in compliance with the requirements of this federal program.

**Cause:**

The Regional Office personnel believed that having documentation for the purchase of the gift cards was sufficient. Therefore, they did not follow the transaction documentation through to the products actually purchased with grant funds.

**Auditors' Recommendation:**

The Regional Office of Education #3 should obtain documentation for all grant expenditures, including items purchased with gift cards. The gift card purchases should follow *OMB Circular A-87* criteria for allowable costs and should follow grant guidelines for period of availability. If the Regional Office determines it too cumbersome to obtain documentation for the gift card purchases, they should consider purchasing educational materials to distribute to the teachers at the workshops in lieu of distributing gift cards.

**Management's Response:**

The Regional Superintendent agrees with this finding and will immediately remedy this situation by terminating the purchase of gift cards for teachers' use in purchasing their own materials.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR  
AUDIT FINDINGS  
For the year ended June 30, 2011**

**Corrective Action Plan**

**FINDING NO. 11-1 – Controls Over Financial Statement Preparation (repeat of 10-1, 09-1, 08-1 and 07-1)**

**Condition:**

The Regional Office of Education #3 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation/review of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office does not have adequate controls over the maintenance of complete records of cash, accounts receivable, capital assets, accrued expenses, or deferred revenue.
- Numerous adjustments are required to present financial statements in accordance with generally accepted accounting principles.

**Plan:**

The Regional Superintendent understands this finding and will pursue training for the local bookkeeping personnel in order to comply with GAAP.

**Anticipated Date of Completion:**

Ongoing

**Name of Contact Person:**

Julie Wollerman, Regional Superintendent

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR  
AUDIT FINDINGS**

**For the year ended June 30, 2011**

**Corrective Action Plan**

**FINDING NO. 11-2 – Unallowable Costs Charged to Federal Program**

**Federal Program Name:** Title I – Reading First Part B SEA

**Project #:** 10-4337

**CFDA #:** 84.357A

**Passed Through:** Illinois State Board of Education

**Federal Agency:** U.S. Department of Education

**Condition:**

During our compliance testing of the Title I – Reading First Part B SEA program, we found 2 disbursements out of 13 tested that did not have adequate documentation. These disbursements were to purchase \$50 and \$150 gift cards from two vendors. The Regional Office officials stated the cards were given to workshop participants to purchase educational materials at a later date. However, there was no follow up documentation maintained to support what was purchased with the gift cards, whether those purchases were for allowable costs or when the ultimate purchase was made. Furthermore, one of the gift card purchases was made on the last day of the grant period.

**Plan:**

The Regional Superintendent will immediately remedy this situation by terminating the purchase of gift cards for teachers' use in purchasing their own materials.

**Anticipated Date of Completion:**

November 28, 2011

**Name of Contact Person:**

Julie Wollerman, Regional Superintendent

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the year ended June 30, 2011**

<b><u>Finding Number</u></b>	<b><u>Condition</u></b>	<b><u>Current Status</u></b>
10-01	Controls Over Financial Statement Preparation	Repeated

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT DISCUSSION AND ANALYSIS  
For the year ended June 30, 2011**

The following is a discussion and analysis of the financial performance of the Regional Office of Education for Bond, Fayette, and Effingham Counties for the fiscal year ended June 30, 2011. This section is a summary of the financial activities of the Regional Office of Education #3 based on currently known facts, decisions, or conditions. It is also based on both the government-wide and governmental fund financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the financial statements for the Regional Office of Education for Bond, Fayette, and Effingham Counties, which immediately follow this section.

**Overview of the Financial Statements**

This annual report consists of five parts: Management's Discussion and Analysis (MD&A), the Basic Financial Statements, Notes to the Financial Statements, required supplementary information, and supplementary information. The Basic Financial Statements include two kinds of statements that present different views of the Regional Office of Education #3:

- The first two statements are general financial statements that provide both short-term and long-term information about the Regional Office of Education #3's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Regional Office of Education #3, reporting the Regional Office of Education #3's operations in more detail than the general statements. The fund financial statements concentrate on the Regional Office of Education #3's most significant funds with all other non-major funds listed in total in one column.
- Governmental funds statements tell how basic services such as grant-funded programs were financed in the short term as well as what remains for future spending.
- Proprietary funds statements provide information related to services provided to organizations comprising the Bond, Fayette, and Effingham Counties Education Service Region.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Required supplementary information includes the Management's Discussion and Analysis and the Illinois Municipal Retirement Fund Schedule of Funding Progress that further explains and supports the financial statements. Supplementary information provides a comparison of the Regional Office of Education #3's budgets for the year and also includes combining and individual nonmajor fund financial statements.

*Figure A-1* summarizes the major features of the Regional Office of Education #3's financial statements, including the portion of the Regional Office of Education #3's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT DISCUSSION AND ANALYSIS  
For the year ended June 30, 2011**

**Overview of the Financial Statements (Continued)**

**Figure A-1**

	<b>Major Features of the Regional Office of Education #3's Government-wide and Fund Financial Statements</b>		
	<b>Government-wide Statements</b>	<b>Fund Statements</b>	
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>
<b>Scope</b>	Entire Regional Office of Education	The activities of the Regional Office of Education that are not proprietary, such as special revenue and general funds	Activities the Regional Office of Education operates in which expenses related to services are done on a cost-reimbursement basis.
<b>Required financial statements</b>	<ul style="list-style-type: none"> <li>• Statement of Net Assets</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Assets</li> <li>• Statement of Revenues, Expenses and Changes in Net Assets</li> <li>• Statement of Cash Flows</li> </ul>
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<b>Type of asset/liability information</b>	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
<b>Type of inflow/out flow information</b>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT DISCUSSION AND ANALYSIS  
For the year ended June 30, 2011**

**Overview of the Financial Statements (Continued)**

**Government-Wide Statements**

The government-wide statements report information about the Regional Office of Education #3 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the Regional Office of Education #3's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the Regional Office of Education #3's net assets and how they have changed. Net assets, the difference between the Regional Office of Education #3's assets and liabilities, is one way to measure the Regional Office of Education #3's financial health or position.

- Increases or decreases in the Regional Office of Education #3's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the Regional Office of Education #3, one needs to consider additional non-financial factors, such as changes in the State Board of Education's policies, as well as changes in federal programs and policies that impact educational services in individual States.

In the government-wide financial statements, the Regional Office of Education #3's activities are divided into two categories:

- **Governmental Activities:** Most of the Regional Office of Education #3's basic services are included here, such as grant-funded programs, support services, and administration.
- **Business-type activities:** The Regional Office of Education #3 charges fees to help cover the costs of certain services and workshops it provides.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the Regional Office of Education #3's funds, focusing on its most significant or "major" funds – not the Regional Office of Education #3 as a whole. Funds are accounting devices the Regional Office of Education #3 uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law. The Regional Office of Education #3 establishes other funds to control and to manage money for particular purposes or to show that it is properly using certain revenues, such as federal grants.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT DISCUSSION AND ANALYSIS  
For the year ended June 30, 2011**

**Overview of the Financial Statements (Continued)**

**Fund Financial Statements (Concluded)**

The Regional Office of Education #3 has two kinds of funds:

- **Governmental Funds:** Most of the Regional Office of Education #3's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Regional Office of Education #3's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements a reconciliation between the governmental fund financial statements and the government-wide financial statements follow the related governmental fund financial statements.
- **Proprietary Funds:** The Regional Office of Education #3 charges fees for some services. Proprietary funds are reported in the same way as government-wide statements. The Regional Office of Education #3's Enterprise funds, one type of proprietary fund, is the same as its business-type activities, but provides more detail and additional information, such as cash flows. The Regional Office of Education #3 currently has one Enterprise Fund, the Local Workshops Fund.

**Government-wide Financial Analysis**

**Statement of Net Assets**

The Statement of Net Assets reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components-the amount due within one year and the amount due in more than one year. The difference between the Regional Office of Education #3's assets and liabilities is its net assets.

This section will explain the differences between the current and prior year's assets, liabilities, and changes in net assets. The Regional Office of Education for Bond, Fayette, and Effingham Counties' financial activities include both Governmental and Business-type activities. These are reported below.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT DISCUSSION AND ANALYSIS  
For the year ended June 30, 2011**

**Government-wide Financial Analysis (Continued)**

**Statement of Net Assets (Continued)**

**CONDENSED STATEMENT OF NET ASSETS**

**GOVERNMENTAL ACTIVITIES**

	<u>2011</u>	<u>2010</u>	Increase / <u>(Decrease)</u>
Current Assets	\$ 819,611	\$ 821,567	(1,956)
Capital assets, being depreciated, net	<u>33,207</u>	<u>51,207</u>	(18,000)
Total Assets	<u>852,818</u>	<u>872,774</u>	(19,956)
 Current Liabilities	 <u>197,370</u>	 <u>256,109</u>	 (58,739)
 Net Assets:			
Invested in capital assets	33,207	51,207	(18,000)
Restricted	160,548	13,477	147,071
Unrestricted	<u>461,693</u>	<u>551,981</u>	(90,288)
Total Net Assets	<u>\$ 655,448</u>	<u>\$ 616,665</u>	38,783

The Regional Office of Education #3's governmental assets exceeded governmental liabilities (net assets) by \$655,448 at the close of the fiscal year. Cash and cash equivalents made up the majority of assets. The Regional Office of Education #3 uses its governmental net assets to perform general operations, provide professional services to school districts in the Bond, Fayette, and Effingham Counties Educational Service Region and surrounding areas, and to operate Alternative Education Programs within the region.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT DISCUSSION AND ANALYSIS  
For the year ended June 30, 2011**

**Government-wide Financial Analysis (Continued)**

**Statement of Net Assets (Concluded)**

**BUSINESS-TYPE ACTIVITIES**

	2011	2010	Increase / (Decrease)
Current Assets	\$ 268,459	\$ 262,532	5,927
Capital assets, being depreciated, net	3,187	5,060	(1,873)
Total Assets	<u>271,646</u>	<u>267,592</u>	4,054
Current Liabilities	-	46	(46)
Net Assets:			
Invested in capital assets	3,187	5,060	(1,873)
Unrestricted	<u>268,459</u>	<u>262,486</u>	5,973
Total Net Assets	<u>\$ 271,646</u>	<u>\$ 267,546</u>	4,100

The Regional Office of Education #3 uses its business-type net assets to provide workshop and training services to school districts in the Bond, Fayette, and Effingham Counties Educational Service Region and surrounding areas.

**General Overview and Analysis of Significant Individual Governmental Funds**

During fiscal year 2011 the Regional Office of Education #3 implemented Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which required certain programs and funds to be reclassified and the restatement of beginning fund balances as detailed in Note 1 to the financial statements. Because of these reclassifications the fund analysis is not comparable between fiscal year 2010 and fiscal year 2011.

*NON-MAJOR SPECIAL REVENUE FUNDS*

- The Institute Fund is administered by the Regional Office of Education #3 and had a fund balance of \$22,278, which represents a \$8,801 increase over the previous year.
- The General Education Development Fund is administered by the Regional Office of Education #3 and had a fund balance of \$22,507, which represents a \$3,834 increase over the previous year.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT DISCUSSION AND ANALYSIS  
For the year ended June 30, 2011**

**Government-wide Financial Analysis (Continued)**

**General Overview and Analysis of Significant Individual Governmental Funds (Continued)**

*NON-MAJOR SPECIAL REVENUE FUNDS (Continued)*

- The ROE School Bus Driver Training Fund is administered by the Regional Office of Education #3 and had a fund balance of \$9,883, which represents a \$4,384 increase over the previous year.
- The Supervisory Fund is administered by the Regional Office of Education #3 and had a fund balance of \$4,838, which represents a \$251 decrease below the previous year. The expenses related to this fund increase or decrease depending on the needs on the Regional Office. The line item to support the Supervisory Fund was cut from the Illinois State Budget in FY10.

*EDUCATION FUND*

- The Illinois Family Violence Coordinating Council is administered by the Educational Services Division of the Regional Office of Education #3 and had a fund balance of \$7,308, which represents a \$6,676 decrease below the previous year.
- The Truants Alternative/Optional Education Fund is administered by the Alternative Education Programs of the Regional Office of Education #3 and had a fund balance of \$(6,320), which represents a \$25,526 increase above the previous year.
- The Regional Safe Schools Fund is administered by the Alternative Education Programs of the Regional Office of Education #3 and had a fund balance of \$(5,346), which represents a \$23,462 increase above the previous year.
- The Adult Education & Family Literacy grants are administered by the Alternative Education Programs of the Regional Office of Education #3 and had a fund balance of \$(28,620) which represents a \$17,106 decrease below the previous year. The reason for this large deficit would be caused by late payments from the State of Illinois.
- The Early Childhood Fund is administered by the Educational Services Division of the Regional Office of Education #3 and had a fund balance of \$0, which represents a \$17,453 increase over the previous year.
- The ROE/ISC Operations Fund is administered by the Education Services Division of the Regional Office of Education #3 and had a fund balance of \$(3,981), which represents a \$12,231 increase over the previous year.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT DISCUSSION AND ANALYSIS  
For the year ended June 30, 2011**

**Government-wide Financial Analysis (Continued)**

**General Overview and Analysis of Significant Individual Governmental Funds (continued)**

*EDUCATION FUND (Continued)*

- At the end of FY 11, the State of Illinois was experiencing some cash flow issues, which is reflected in the negative fund balances for the following funds: ROE/ISC Operations, Adult Education and Family Literacy, Truants Alternative Optional Education, and Regional Safe Schools. Even though monies were vouchered by the State Board of Education, the Illinois Comptroller did not issue payments for these programs. The Regional Office of Education was able to support these programs by tapping into local resources.
- The Office of Violence Against Women (OVW) Program is administered by the Educational Services Division of the Regional Office of Education. The Regional Office of Education #3 began providing services through the OVW Rural grant in January 2009 and ended June 2011.
- The Beginning Teacher Induction Pilot Program is administered by the Education Services Division of the Regional Office of Education and had a fund balance of \$0, which represents a \$8,957 increase over the previous year.
- The Alternative Education Program – Other is administered by the Alternative Education Program of the Regional Office of Education and had a fund balance of \$52,318, which represents a \$3,990 decrease below the previous year.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT DISCUSSION AND ANALYSIS  
For the year ended June 30, 2011**

**Government-wide Financial Analysis (Continued)**

**Statement of Activities**

The Statement of Activities accounts for all of the current year revenues and expenses regardless of when cash is received or paid.

**STATEMENT OF ACTIVITIES**

**GOVERNMENTAL ACTIVITIES**

	<u>2011</u>	<u>2010</u>	<u>Increase / (Decrease)</u>
Revenues:			
Federal	\$ 693,735	\$ 805,426	(111,691)
Local sources	479,596	511,571	(31,975)
State sources	960,516	1,123,463	(162,947)
On-behalf payments	387,220	391,078	(3,858)
Interest	<u>1,504</u>	<u>2,658</u>	(1,154)
Total revenues	<u>2,522,571</u>	<u>2,834,196</u>	(311,625)
Expenses:			
Instructional Services:			
Salaries and benefits	1,208,115	1,178,439	29,676
Purchased services	532,772	630,507	(97,735)
Supplies and materials	102,896	115,583	(12,687)
Payments to other governments	227,405	336,714	(109,309)
Other objects	135	1,265	(1,130)
Depreciation	25,245	22,660	2,585
On-behalf payments	<u>387,220</u>	<u>391,078</u>	(3,858)
Total expenses	<u>2,483,788</u>	<u>2,676,246</u>	(192,458)
Excess of revenues over expenditures	38,783	157,950	(119,167)
Net assets - beginning	<u>616,665</u>	<u>458,715</u>	157,950
Net assets - ending	<u>\$ 655,448</u>	<u>\$ 616,665</u>	38,783

Revenues from governmental activities were \$2,522,571 and expenses were \$2,483,788.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT DISCUSSION AND ANALYSIS  
For the year ended June 30, 2011**

**Government-wide Financial Analysis (Continued)**

**Statement of Activities (Continued)**

**STATEMENT OF ACTIVITIES**

**BUSINESS-TYPE ACTIVITIES**

	<u>2011</u>	<u>2010</u>	<u>Increase / (Decrease)</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 28,623	\$ 36,347	(7,724)
Expenses:			
Salaries and benefits	7,583	2,808	4,775
Purchased services	10,592	15,173	(4,581)
Supplies and materials	1,885	2,650	(765)
Other objects	2,590	99	2,491
Depreciation	1,873	2,246	(373)
Total expenses	<u>24,523</u>	<u>22,976</u>	1,547
Operating revenue	4,100	13,371	(9,271)
Net assets - beginning	<u>267,546</u>	<u>254,175</u>	13,371
Net assets - ending	<u>\$ 271,646</u>	<u>\$ 267,546</u>	4,100

Revenues from business-type activities were \$28,623 and expenses were \$24,523. The Regional Office of Education #3's business-type activities include workshops that involve charges for service. Expenses include salaries and purchases of goods and supplies to support these activities.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT DISCUSSION AND ANALYSIS  
For the year ended June 30, 2011**

**Financial Analysis of the Regional Office of Education #3's Funds**

The Regional Office of Education #3 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Regional Office of Education #3's governmental funds reported combined net assets of \$38,783 above last year's ending net asset balance of \$616,665. The Regional Office of Education #3's proprietary funds reported combined net assets of \$4,100 above last year's ending fund balance of \$267,546.

**Governmental Fund Highlights**

- The Regional Office of Education #3's General Fund and Education Fund showed revenue slightly higher than expenses. The increased revenue on the fund financial statements is a result of a partial catch-up of prior year late payments by the State.

**Proprietary Fund Highlights**

- As part of its mission, the Regional Office of Education #3 continues to provide workshop and training services to school districts even during economically challenging times. Many workshops were offered free-of-charge and below cost-recovery in order to meet organizational objectives.

**Budgetary Highlights**

The Regional Office of Education #3 annually adopts a budget on a basis consistent with U.S. generally accepted accounting principles; however, the annual budget is not required to be legally adopted. The Illinois State Board of Education reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the Illinois State Board of Education for final approval. The budget may be amended during the year utilizing procedures prescribed by the Illinois State Board of Education. A schedule showing the original and final budget amounts compared to the Regional Office of Education #3's actual financial activity is included in the supplementary information section of this report.

**Factors Bearing on the Regional Office of Education #3's Future**

At the time these financial statements were prepared and audited, the Regional Office of Education #3 was aware of several existing circumstances that could significantly impact its financial health in the future:

- The Regional Office of Education #3 is obligated to provide programs and services in compliance with statutory, regulatory and mandated requirements from the Legislature and the Illinois State Board of Education. These programs and services are provided even though payments from the State have not been timely. The Regional Office of Education #3 must maintain a proficient professional and clerical staff in order to provide a consistent level of service to the constituents of the educational service region served by the regional superintendent of schools. Reliance on delayed state and federal funding brings an element of uncertainty to the budgeting process each year, yet the mandated programs and services have no contingencies built in.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT DISCUSSION AND ANALYSIS  
For the year ended June 30, 2011**

**Factors Bearing on the Regional Office of Education #3's Future (Continued)**

- The Regional Office of Education #3 has a long-standing policy of re-deploying aging computer and audio-visual inventory within the organization. The equipment being replaced is refurbished for use by the alternative education programs, which are also accepting donated computer equipment from other agencies and using open source licensed software programs rather than commercial licensed software programs in an effort to reduce costs. This practice has resulted in an increased number of computers available for student use at little or no expense to any program. The regional superintendent provides new equipment, software and training to personnel as warranted.
- A limited number of federal and state grant programs help support the Regional Office of Education #3's Educational Services Division and the Alternative Education Programs. Funding from these grant programs is not assured from year to year. Because of limited availability of funds to other agencies and organizations, there is increased competition for funded grant programs due in part to a reduction in the amount of grant funding available and the similar financial circumstances all entities are experiencing. The future of the Alternative Education Programs and the Educational Services Division (and the programs and services they provide) is directly dependent on their abilities to compete for grant funding. The Alternative Education Programs have been expanding due to increased needs by the districts for placement of students requiring alternative educational services. The number of employees in the Educational Services Division has been reduced because of a reduction in grant funds.
- The Regional Office of Education #3 operates under conservative fiscal management and will continue to remain productive through the current State budgetary conundrum through frugal fiscal management, staying within fiscal limits and by utilizing human resources and physical resources effectively. A continuous review of current and past practices, as well as current operations policies has led to practical modifications resulting in reduction of expenditures and reasonably stable fund balances.

**Contacting the Regional Office of Education #3's Financial Management**

This financial report is designed to provide those citizens and taxpayers who reside within the Bond, Fayette, and Effingham Counties Regional Office of Education #3 boundaries with a general overview of the Regional Office of Education #3's finances and to demonstrate the Regional Office of Education #3's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Regional Office of Education #3, 300 South Seventh Street, Vandalia, IL 62471.

## **BASIC FINANCIAL STATEMENTS**

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**STATEMENT OF NET ASSETS  
June 30, 2011**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 717,636	\$ 75,592	\$ 793,228
Due from other governments	293,687	1,155	294,842
Internal balances	(191,712)	191,712	-
Total current assets	819,611	268,459	1,088,070
Noncurrent assets:			
Capital assets, net	33,207	3,187	36,394
Total assets	852,818	271,646	1,124,464
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	58,239	-	58,239
Salaries and benefits payable	45,228	-	45,228
Deferred revenue	93,903	-	93,903
Total current liabilities	197,370	-	197,370
<b>NET ASSETS</b>			
Invested in capital assets	33,207	3,187	36,394
Restricted for education purposes	160,548	-	160,548
Unrestricted	461,693	268,459	730,152
Total net assets	\$ 655,448	\$ 271,646	\$ 927,094

The notes to the financial statements are an integral part of this statement.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**STATEMENT OF ACTIVITIES  
For the year ended June 30, 2011**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 1,208,115	\$ -	\$ 992,037	\$ (216,078)	\$ -	\$ (216,078)
Purchased services	532,772	-	306,482	(226,290)	-	(226,290)
Supplies and materials	102,896	-	97,132	(5,764)	-	(5,764)
Capital outlay	-	-	5,570	5,570	-	5,570
Payments to other governments	227,405	-	252,896	25,491	-	25,491
Other objects	135	-	134	(1)	-	(1)
Depreciation	25,245	-	-	(25,245)	-	(25,245)
Administrative:						
On-behalf payments - local	17,923	-	-	(17,923)	-	(17,923)
On-behalf payments - state	369,297	-	-	(369,297)	-	(369,297)
Total governmental activities	<u>2,483,788</u>	<u>-</u>	<u>1,654,251</u>	<u>(829,537)</u>	<u>-</u>	<u>(829,537)</u>
Business-type activities						
Instructional services	<u>24,523</u>	<u>28,623</u>	<u>-</u>	<u>-</u>	<u>4,100</u>	<u>4,100</u>
Total primary government	<u>\$ 2,508,311</u>	<u>\$ 28,623</u>	<u>\$ 1,654,251</u>	<u>(829,537)</u>	<u>4,100</u>	<u>(825,437)</u>
General revenues:						
Local sources				479,596	-	479,596
On-behalf payments - local				17,923	-	17,923
On-behalf payments - state				369,297	-	369,297
Interest				1,504	-	1,504
Total general revenues				<u>868,320</u>	<u>-</u>	<u>868,320</u>
Change in net assets				38,783	4,100	42,883
Net assets - beginning				<u>616,665</u>	<u>267,546</u>	<u>884,211</u>
Net assets - ending				<u>\$ 655,448</u>	<u>\$ 271,646</u>	<u>\$ 927,094</u>

The notes to the financial statements are an integral part of this statement.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2011**

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 530,289	\$ 128,901	\$ 58,446	\$ 717,636
Due from other governments	833	288,189	4,665	293,687
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 531,122</u>	<u>\$ 417,090</u>	<u>\$ 63,111</u>	<u>\$ 1,011,323</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 41,624	\$ 13,010	\$ 3,605	\$ 58,239
Salaries and benefits payable	27,805	17,423	-	45,228
Due to other funds	-	191,712	-	191,712
Deferred revenue	-	179,586	-	179,586
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>69,429</u>	<u>401,731</u>	<u>3,605</u>	<u>474,765</u>
<b>FUND BALANCES</b>				
Restricted	-	59,626	59,506	119,132
Assigned	361,304	-	-	361,304
Unassigned	100,389	(44,267)	-	56,122
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>461,693</u>	<u>15,359</u>	<u>59,506</u>	<u>536,558</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 531,122</u>	<u>\$ 417,090</u>	<u>\$ 63,111</u>	<u>\$ 1,011,323</u>

The notes to the financial statements are an integral part of this statement.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
June 30, 2011**

Total fund balances-governmental funds	\$ 536,558
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are not considered "available" revenues and are deferred in the governmental funds.	85,683
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>33,207</u>
Net assets of governmental activities	<u><u>\$ 655,448</u></u>

The notes to the financial statements are an integral part of this statement.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

**For the year ended June 30, 2011**

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
<b>Revenues:</b>				
Local sources	\$ 370,959	\$ 64,436	\$ 44,201	\$ 479,596
State sources	512,499	540,098	16,669	1,069,266
Federal sources	-	693,735	-	693,735
On-behalf payments	387,220	-	-	387,220
Interest	1,504	-	-	1,504
<b>Total revenues</b>	<b>1,272,182</b>	<b>1,298,269</b>	<b>60,870</b>	<b>2,631,321</b>
<b>Expenditures:</b>				
<b>Instructional services:</b>				
Salaries and benefits	516,537	679,027	12,551	1,208,115
Purchased services	249,454	255,937	27,381	532,772
Supplies and materials	28,388	70,338	4,170	102,896
Payments to other governments	-	227,405	-	227,405
Other objects	-	135	-	135
On-behalf payments	387,220	-	-	387,220
Capital outlay	1,675	5,570	-	7,245
<b>Total expenditures</b>	<b>1,183,274</b>	<b>1,238,412</b>	<b>44,102</b>	<b>2,465,788</b>
<b>Excess of revenues over expenditures</b>	<b>88,908</b>	<b>59,857</b>	<b>16,768</b>	<b>165,533</b>
<b>Fund balances, beginning of year, restated</b>	<b>372,785</b>	<b>(44,498)</b>	<b>42,738</b>	<b>371,025</b>
<b>Fund balances, end of year</b>	<b>\$ 461,693</b>	<b>\$ 15,359</b>	<b>\$ 59,506</b>	<b>\$ 536,558</b>

The notes to the financial statements are an integral part of this statement.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES-  
GOVERNMENTAL FUNDS  
For the year ended June 30, 2011**

Net change in fund balances		\$ 165,533
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are not considered "available" revenues and are deferred in the governmental funds.</p>		
<p>Current year revenue that will not be collected within 60 days of the Regional Office's fiscal year end is considered "deferred" revenue in the fund statements.</p>	\$ 85,683	
<p>Prior year "deferred" revenue that is recorded as revenue in the fund statements in the current year.</p>	<u>(194,433)</u>	(108,750)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
<p>Capital outlay</p>	\$ 7,245	
<p>Depreciation expense</p>	<u>(25,245)</u>	<u>(18,000)</u>
Change in net assets of governmental activities		<u><u>\$ 38,783</u></u>

The notes to the financial statements are an integral part of this statement.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2011**

	Business-Type Activities
	Enterprise Fund Workshops
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 75,592
Due from other governments	1,155
Due from other funds	191,712
Total current assets	268,459
Noncurrent assets:	
Capital assets, net	3,187
Total assets	271,646
<b>NET ASSETS</b>	
Invested in capital assets	3,187
Unrestricted	268,459
Total net assets	\$ 271,646

The notes to the financial statements are an integral part of this statement.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
For the year ended June 30, 2011**

	Business-Type Activities
	Enterprise Fund Workshops
Operating revenues:	
Charges for services	\$ 28,623
Operating expenses:	
Salaries and benefits	7,583
Purchased services	10,592
Supplies and materials	1,885
Payments to other governments	2,590
Depreciation	1,873
Total operating expenses	24,523
Operating income	4,100
Total net assets - beginning	267,546
Total net assets - ending	\$ 271,646

The notes to the financial statements are an integral part of this statement.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the year ended June 30, 2011**

	Business-Type Activities
	Enterprise Fund Workshops
Cash flows from operating activities:	
Collection of fees	\$ 27,468
Payments to suppliers and providers of goods and services	(15,113)
Payments to employees	(7,583)
Net cash provided by operating activities	4,772
Cash flows for noncapital financing activities:	
Loan to other funds, net	(165,914)
Net decrease in cash and cash equivalents	(161,142)
Cash and cash equivalents- beginning	236,734
Cash and cash equivalents- ending	\$ 75,592
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 4,100
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts payable	(46)
Depreciation	1,873
Increase in due from other governments	(1,155)
Net cash provided by operating activities	\$ 4,772

The notes to the financial statements are an integral part of this statement.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Regional Office of Education #3's accounting policies conform to generally accepted accounting principles which are appropriate to local governmental units of this type.

**A. Reporting Entity**

The Regional Office of Education #3 was created by Illinois Public Act 76-735, as amended, effective August 8, 1995. The region encompasses Bond, Fayette, and Effingham counties.

The Regional Superintendent of Schools is the chief administrative officer of the region and is elected to the position for a four-year term. The Regional Superintendent is responsible for the supervision and control of the school districts.

The Regional Superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, providing directions to teachers and school officials on science, art and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notice of unfilled teaching positions within the region; and ensuring of the safety, health and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses. The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the region, or seeing that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report.

The Regional Office of Education #3 derives its oversight power and authority over the school districts from the School Code and is responsible for its own fiscal and budgetary matters. The Regional Office of Education #3 exercises no oversight responsibility on financial interdependency, selection of governing authority, designation of management or the ability to significantly influence the operations of any other outside agencies. Control or dependency is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing order. Therefore, no other agency has been included as a component unit in the Regional Office of Education #3's financial statements. In addition, the Regional Office of Education #3 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education #3 being considered a component unit of the entity.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by intergovernmental revenues, are reported separately from the *business-type activities*, which rely to a significant extent on fees and charges for support.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Government-wide and Fund Financial Statements (Continued)**

The Statement of Net Assets includes all of the Regional Office of Education #3's assets and liabilities, including capital assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues received more than 60 days after the end of the current period are deferred in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

It is the Regional Office of Education #3's policy to first apply restricted resources when an expenditure or expense is incurred for which both restricted and unrestricted resources are available. For unrestricted fund balances, committed fund balances are used first, then assigned fund balances, then unassigned, if any.

The Regional Office of Education #3 reports the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the Regional Office of Education #3 and is used to account for all financial resources except those required to be accounted for and reported in another fund. This fund is available to pay general and administrative expenditures of the Regional Office of Education #3. Included in this fund are:

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

**General Fund (Continued)**

**General** - This fund provides funding for expenditures incurred in order to operate the Regional Office of Education #3.

**County** - This fund accounts for the shared expenses incurred in the operation of the Regional Superintendent's office.

**EIU** - This fund provides the opportunity for teachers and administrators to earn graduate credit through participation in weekend classes in programs leading to advanced degrees. Programs currently offered include a Masters Degree in Guidance and Counseling and a Masters or Specialist Degree in School Administration from EIU.

**Attendance Officer** - This program provides funding for a truant officer which is utilized to pay for related truancy expenses.

**Curriculum COOP** - This program accounts for local receipts from participating districts that are used to pay for joint events.

**Truant Alternative/Optional Education General State Aid** – This fund accounts for General State Aid received to support the Truants Alternative/Optional Education Program.

**Regional Safe Schools Program General State Aid** – This fund accounts for General State Aid received to support the Regional Safe Schools programs.

**Tuition** – This fund accounts for tuition payments from local districts sending students to alternative education programs provided by the Regional Office of Education #3.

**Education Fund** - This Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted by grant agreements or contracts to expenditures for specified purposes supporting education enhancement programs as follows:

**Early Childhood** - This program provides support that allows qualified early childhood educators to provide in home and group assistance to families with at risk children of birth to five years of age to prepare for learning when they become school age.

**ROE/ISC Operations** - This fund accounts for comprehensive services to improve education in the Region in the areas of gifted, staff development, administrator academies, school improvement, and technology.

**Illinois Family Violence Coordinating Council** - This program provides support for coordination of committees whose members focus on identifying and reducing incidences of domestic violence.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

**Education Fund (Continued)**

**RESPRO** – These are Area V grants through Regional Office of Education #50 which are provided to support school improvement services and trainings for the school(s) in the region on academic warning list which did not meet AYP for two years in a row. These grants also support Regional Office of Education staff members’ involvement in the Area V services and in necessary training of trainer’s sessions.

**Truants Alternative/Optional Education** - This program provides funding for services designed to prevent students from dropping out of school.

**Adult Education & Family Literacy** - This program provides funding to assist students in the completion of a secondary education.

**Regional Safe Schools** - This program provides funding for an alternative school program for disruptive youth in grades 6-9 who have been removed from the regular school setting due to continuous disruptions in the classroom.

**McKinney Education For Homeless Children** - This program provides training and technical assistance to school districts in the 16 counties to assist school officials in understanding and complying with the McKinney-Vento Act.

**ASPIRE-South** - These funds are used to support the ASPIRE-South project by providing staff time for coordination of RTI trainings offered through the project as well as consultation regarding the development and delivery of the project objectives. In addition, funds are used for support of standards-alignment and Reading First training and materials.

**Office on Violence Against Women Rural Grant** - This fund is used to provide development of protocols and a training program to address domestic violence, dating violence, sexual assault and stalking crimes in the fourth judicial circuit. The training program will be used to educate law enforcement officers and court personnel, including judges and prosecutors.

**Beginning Teacher Induction Pilot Program** - This program provides staff development sessions, mentor support, and materials to teachers in their first and second years in the profession. The project is designed to provide continuous professional support as new teachers move through the certification process, from initial to standard.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

**Education Fund (Continued)**

**Alternative Education Programs - Other** - This fund regulates local, state, and federal revenue and expenses involving breakfast and lunch for the alternative schools.

**ARRA-McKinney Education For Homeless Children** - American Recovery and Reinvestment Act funding was provided to the Regional Office of Education #3 and 34 school districts in Area V to fund programs and services to support homeless education. This included creating, retaining and funding positions for trainers, liaisons, tutors, teachers, counselors, etc. The Regional Office of Education #3 served as the fiscal agent for Area V.

**The Center** - The Regional Office of Education #3 received funding from the Adult Learning Resource Center (The Center) to serve as one of the partners to the Opening Doors Project. The funding was used to support training and technical assistance for homeless education. Staff members travel to different conferences throughout the state to present trainings and also field questions regarding homeless education issues and provide technical assistance via telephone and email contacts.

**Gifted Education Seminar** - The Regional Office of Education #3 received this grant to launch the new gifted education seminar training formats and to provide trainings to teachers, as well as build capacity for gifted education within the region.

**Title I Reading First Part B SEA** - The Regional Office of Education #3 received this small grant to provide training to primary teachers utilizing the Reading First modules.

**American Recovery and Reinvestment Act - Education Jobs Fund (TAOEP)** – The Regional Office of Education #3 received federal funding to create new jobs or retain jobs that were at risk of being lost due to a lack of funding. This fund served the Truants Alternative/Optional Education program.

**American Recovery and Reinvestment Act – Education Jobs Fund (RSSP)** – This program distributed federal funds to the Regional Safe Schools Program in order to create new jobs or retain jobs that were at risk of being lost due to a lack of funding.

**American Recovery and Reinvestment Act – Title I School Improvement & Accountability** – This grant provides school improvement services and training for the school(s) in the region on an academic warning list which did not meet AYP for two years in a row.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Additionally, the Regional Office of Education #3 reports the following nonmajor governmental funds:

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. Included among these funds are:

**General Education Development (GED)** - This fund accounts for the receipts and expenses pertaining to the GED/High School Equivalency program for high school dropouts.

**ROE School Bus Driver Training** - This fund accounts for State and local receipts and expenses designed for initial and refresher courses of instruction for school bus drivers.

**Supervisory** - This fund accounts for proceeds provided to the Regional Superintendent by the Illinois State Board of Education to be used for travel and related purposes.

**Institute** - This fund accounts for teacher certificate registration, issuance and evaluation fees for processing certificates, and expenses to promote the professional growth of teachers and school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and nonmajor funds aggregated.

The Regional Office of Education #3 reports the following major proprietary fund:

**Enterprise Funds** - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes. Included in this fund is:

**Workshops** - To account for the fees and local revenues received and related expenses incurred while performing the corresponding program services.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Regional Office of Education #3's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services and administrative expenses.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Cash and Investments**

The Regional Office of Education #3 considers cash on hand, checking accounts, savings accounts, and investments held with an original maturity date of less than 90 days to be cash and cash equivalents. State regulations require that the Regional Office of Education #3 deposit funds under its control into accounts insured by the federal governments, accounts secured by substantial collateral or pooled investment trusts. All funds not needed for immediate disbursement are maintained in interest bearing accounts.

Statutes authorize the Regional Office of Education #3 to make deposits or invest in obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Money Market Fund.

**2. Interfund Transactions**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

**3. Capital Assets**

Capital assets are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Office equipment and furniture	5-10
Computer equipment	3-5
Other equipment and leasehold improvements	5-20

In the fund financial statements, capital assets used in governmental operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, and Net Assets or Equity (Continued)**

**4. Compensated Absences**

Non-certified and certified employees who work 12 calendar months earn up to 20 vacation days for a full year of service. The accumulated total vacation days may never exceed 30 days. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Certified employees who work less than 12 calendar months per year do not earn vacation days, and therefore, no liability is accrued.

Employees receive up to 12 sick days annually and the unused portion is accumulated up to 180 days and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore, no liability is accrued.

**5. Equity Classifications**

**Government-wide Statements**

Equity is classified as net assets and displayed in three components:

**Invested in capital assets** - Consists of capital assets, net of accumulated depreciation.

**Restricted net assets** – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**Unrestricted net assets** – All other net assets that do not meet the definition of “restricted” or “invested in capital assets.”

**Fund Statements**

Governmental fund equity is classified as fund balance. Fund balance is the difference between assets and liabilities in a Governmental Fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet and Governmental Funds Combining Schedule of Accounts:

**Nonspendable Fund Balance** – the portion of a Governmental Fund’s net assets that are not available to be spent, either short term or long term, in either form or through legal restrictions. There are no funds presenting a nonspendable fund balance.

**Restricted Fund Balance** – the portion of a Governmental Fund’s net assets that are subject to external enforceable legal restrictions. The following accounts fund balances are restricted by grant agreements or contracts: Illinois Family Violence Coordinating Council, Alternative Education Programs – Other. The following funds are restricted by Illinois Statute: General Education Development, ROE School Bus Driver Training, Supervisory, and Institute.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, and Net Assets or Equity (Continued)**

**5. Equity Classifications (Continued)**

**Committed Fund Balance** – the portion of a Governmental Fund’s net assets with self-imposed constraints or limitations that have been placed at the highest level of decision making. There are no accounts presenting a committed fund balance.

**Assigned Fund Balance** – the portion of a Governmental Fund’s net assets to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts comprise assigned fund balance: EIU, Attendance Officer, Curriculum COOP, Truant Alternative/Optional Education GSA, Regional Safe Schools Program GSA, and Tuition.

**Unassigned Fund Balance** – available expendable financial resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of the General, County, ROE/ISC Operations, Truants Alternative/Optional Education, Adult Education & Family Literacy, and Regional Safe Schools.

**E. New Accounting Pronouncement**

In 2011, the Bond, Fayette, and Effingham Counties Regional Office of Education #3 implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, GASB Statement No. 59, *Financial Instruments Omnibus*, and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Bond, Fayette, and Effingham Counties Regional Office of Education #3 implemented these standards during the current year; however, GASB Statements No. 59 and 62 had no impact on the financial statements. The implementation of GASB Statement No. 54 changed fund balance reporting for governmental funds by adding some additional fund balance classifications, clarifying governmental fund type definitions, and providing additional disclosures on how fund balance constraints are imposed and may be modified or eliminated.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**NOTES TO FINANCIAL STATEMENTS**

**2. BUDGETS AND BUDGETARY ACCOUNTING**

The Regional Office of Education #3 was not legally required to adopt annual budgets for all funds under its control, and some annual budgets prepared were not based upon the same operating period. Therefore, budgetary reports comparing budgeted to actual expenditures are not presented.

Budgets relating to programs funded by grants from the Illinois State Board of Education are prepared and submitted to the State Board as part of the grant awards process. The State Board must also approve amendments to these budgets. Grant project budgets are based on the award period. Budgets relating to programs funded by grants from the Illinois Community College Board must also be prepared and submitted for approval. Budgetary Comparison Schedules have been presented for the following grants received from the Illinois State Board of Education or the Illinois Community College Board: Early Childhood 3705-00, Early Childhood 3705-01, ROE/ISC Operations, Truants Alternative/Optional Education, Adult Education & Family Literacy, Regional Safe Schools, McKinney Education for Homeless Children, Beginning Teacher Induction Pilot Program, ARRA-McKinney Education for Homeless Children, Gifted Education Seminar, Title I Reading First Part B SEA, and ARRA – Title I – School Improvement & Accountability.

**3. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**4. DEPOSITS**

At June 30, 2011, the carrying amount of the Regional Office of Education #3's deposits for the governmental activities and business-type activities were \$717,636 and \$75,592, respectively. The bank balance for the governmental and business-type activities totaled \$808,439 all of which was secured by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education #3's name, and were, therefore, not exposed to custodial credit risk. The Illinois Funds Money Market Fund accounts had a total balance of \$720 at June 30, 2011. This amount is fully collateralized and not subject to credit risk.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**NOTES TO FINANCIAL STATEMENTS**

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets being depreciated:				
Office equipment and furniture	\$ 71,230	\$ -	\$ -	\$ 71,230
Computer equipment	81,005	1,675	-	82,680
Other equipment and leasehold improvements	71,019	5,570	-	76,589
Total capital assets being depreciated	<u>223,254</u>	<u>7,245</u>	<u>-</u>	<u>230,499</u>
Less accumulated depreciation for:				
Office equipment and furniture	(49,450)	(9,798)	-	(59,248)
Computer equipment	(60,446)	(14,097)	-	(74,543)
Other equipment and leasehold improvements	(62,151)	(1,350)	-	(63,501)
Total accumulated depreciation	<u>(172,047)</u>	<u>(25,245)</u>	<u>-</u>	<u>(197,292)</u>
Governmental activities capital assets, net	<u>\$ 51,207</u>	<u>\$ (18,000)</u>	<u>\$ -</u>	<u>\$ 33,207</u>
 <b>Business-type activities:</b>				
Capital assets being depreciated:				
Office equipment and furniture	\$ 37,500	\$ -	\$ -	\$ 37,500
Computer equipment	21,855	-	-	21,855
Other equipment and leasehold improvements	21,700	-	-	21,700
Total capital assets being depreciated	<u>81,055</u>	<u>-</u>	<u>-</u>	<u>81,055</u>
Less accumulated depreciation for:				
Office equipment and furniture	(33,811)	(1,229)	-	(35,040)
Computer equipment	(20,484)	(644)	-	(21,128)
Other equipment and leasehold improvements	(21,700)	-	-	(21,700)
Total accumulated depreciation	<u>(75,995)</u>	<u>(1,873)</u>	<u>-</u>	<u>(77,868)</u>
Business-type activities capital assets, net	<u>\$ 5,060</u>	<u>\$ (1,873)</u>	<u>\$ -</u>	<u>\$ 3,187</u>

Depreciation expense was charged to functions/programs of the Regional Office of Education #3 as follows:

Governmental activities:	
Instructional services	<u>\$ 25,245</u>
Business-type activities:	
Instructional services	<u>\$ 1,873</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**NOTES TO FINANCIAL STATEMENTS**

**6. RETIREMENT FUND COMMITMENTS**

**A. Teachers' Retirement System of the State of Illinois**

The Regional Office of Education #3 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2011 was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2010 and 2009.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #3's TRS-covered employees.

*On-Behalf Contributions to TRS* - The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #3. For the year ended June 30, 2011, State of Illinois contributions were based on 23.10 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #3 recognized revenue and expenditures of \$132,990 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2010, and June 30, 2009, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal awards were 23.38 percent (\$142,745) and 17.08 percent (\$77,864), respectively.

The Regional Office of Education #3 makes other types of employer contributions directly to TRS.

*2.2 Formula Contributions* – Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2011 were \$2,403. Contributions for the years ended June 30, 2010, and June 30, 2009 were \$2,598 and \$2,790, respectively.

*Federal and Special Trust Fund Contributions* - When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #3, there is a statutory requirement for the Regional Office of Education #3 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**NOTES TO FINANCIAL STATEMENTS**

**6. RETIREMENT FUND COMMITMENTS (Continued)**

**A. Teachers' Retirement System of the State of Illinois (Continued)**

For the year ended June 30, 2011, the employer pension contribution was 23.10 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2010 and 2009, the employer contribution was 23.38 and 17.08 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2011, salaries totaling \$21,766 were paid from federal and special trust funds that required employer contributions of \$5,028. For the years ended June 30, 2010, and June 30, 2009, required Regional Office of Education #3 contributions were \$4,645 and \$3,770, respectively.

*Early Retirement Option* – The Regional Office of Education #3 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

The maximum employer ERO contribution was 117.5 percent and applies when the member is age 55 at retirement.

For the three years ended June 30, 2011, the Regional Office of Education #3 made no payments to TRS for employer contributions under the Early Retirement Option.

*Salary Increases Over 6 Percent and Excess Sick Leave* – If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the three years ended June 30, 2011, the Regional Office of Education #3 made no payments for employer contributions to TRS due on salary increases in excess of 6 percent.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.03 percent of salary during the year ended June 30, 2011 as recertified pursuant to Public Act 96-1511).

For the three years ended June 30, 2011, the Regional Office of Education #3 made no payments for employer contributions to TRS for sick leave days granted in excess of the normal annual allotment.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**NOTES TO FINANCIAL STATEMENTS**

**6. RETIREMENT FUND COMMITMENTS (Continued)**

**A. Teachers' Retirement System of the State of Illinois (Continued)**

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2010. The report for the year ended June 30, 2011, is expected to be available in late 2011.

The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS Web site at trs.illinois.gov.

**B. Illinois Municipal Retirement Fund**

*Plan Description* – The Regional Office of Education #3's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #3's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

*Funding Policy* – As set by statute, the Regional Office of Education #3's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2010 was 11.10 percent. The Regional Office of Education #3 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost* – The required contribution for calendar year 2010 was \$68,808.

**Three-Year Trend Information for the Regular Plan**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2010	\$ 68,608	100%	\$ -
12/31/2009	46,252	100%	-
12/31/2008	49,736	100%	-

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**NOTES TO FINANCIAL STATEMENTS**

**6. RETIREMENT FUND COMMITMENTS (Continued)**

**B. Illinois Municipal Retirement Fund (Continued)**

The required contribution for 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 10.0 percent per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3.0 percent annually. The actuarial value of the Regional Office of Education #3's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20.0 percent corridor between the actuarial and market value of assets. The Regional Office of Education #3's Regular plan's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 10 year basis.

*Funded Status and Funding Progress* – As of December 31, 2010, the most recent actuarial valuation date, the Regular plan was 81.92 percent funded. The actuarial accrued liability for benefits was \$1,474,587 and the actuarial value of assets was \$1,207,940, resulting in an underfunded actuarial accrued liability (UAAL) of \$266,647. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$618,094 and the ratio of the UAAL to the covered payroll was 43 percent.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**C. Social Security**

Employees not qualifying for coverage under the Illinois Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "nonparticipating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**NOTES TO FINANCIAL STATEMENTS**

**7. OTHER POST EMPLOYMENT BENEFITS**

**Teacher Health Insurance Security**

The Regional Office of Education #3 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the state administered participating provider option plan or choose from several managed care options.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. The director of HFS determines the rates and premiums for annuitants and dependent beneficiaries and establishes the cost-sharing parameters. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the state make a contribution to THIS fund.

The percentage of employer required contributions in the future will be determined by the director of Healthcare and Family Services and will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

*On behalf contributions to THIS Fund* - The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #3. State contributions are intended to match contributions to THIS Fund from active members which were 0.88 percent of pay during the year ended June 30, 2011. State of Illinois contributions were \$3,645, and the Regional Office of Education #3 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2010 and June 30, 2009 were 0.84 percent of pay. State contributions on behalf of Regional Office employees were \$3,756 and \$4,015, respectively. Had the Regional Office of Education #3 recognized revenue and expenditures for State contributions intended to match active contributions during the year ended June 30, 2009, under the current standards, the contribution match would have been \$4,015.

*Employer contributions to THIS Fund* - The Regional Office of Education #3 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the years ended June 30, 2011, and 0.63 percent during the years ended June 30, 2010, and June 30, 2009. For the year ended June 30, 2011, the Regional Office of Education #3 paid \$2,734 to the THIS Fund. For the years ended June 30, 2010 and June 30, 2009, the Regional Office of Education #3 paid \$2,817 and \$3,011 to the THIS Fund, respectively, which was 100 percent of the required contribution.

The publicly available financial report of the THIS Fund may be obtained by writing to the Department of Healthcare and Family Services, 201 S. Grand Ave., Springfield, IL 62763-3838.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**NOTES TO FINANCIAL STATEMENTS**

**8. INTERFUND RECEIVABLES AND PAYABLES**

At June 30, 2011, interfund receivables and payables were as follows:

Due To (Receivable)	Due From (Payable)	Balance at June 30, 2011
Proprietary Fund:	Education Fund:	
Workshops	Early Childhood	\$ 20,701
	ROE/ISC Operations	23,891
	Truants Alternative/Optional Education Program	44,694
	Adult Education & Family Literacy	27,913
	Regional Safe Schools	36,297
	Beginning Teacher Induction Pilot Program	2,071
	The Center	4,000
	ARRA Education Jobs (TAOEP)	3,037
	ARRA Education Jobs (RSSP)	1,205
	ARRA - Title I - School Improvement & Accountability	27,903
		<u>\$ 191,712</u>

At June 30, 2011, all of the interfund balances consisted of loans between individual funds within the same pooled cash account. The loans were used to cover cash shortages in these individual funds.

**9. BOND**

The Illinois School Code (105 ILCS 5/3-2) directs the Regional Office of Education #3 to execute a bond of not less than \$100,000 on the Regional Superintendent. The Regional Office of Education #3 has secured and maintained such a bond with coverage of \$100,000 on the Regional Superintendent.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**NOTES TO FINANCIAL STATEMENTS**

**10. ON-BEHALF PAYMENTS**

The Regional Office of Education #3 received on-behalf payments for employee salaries and benefits from the following entities for the following items:

Bond County:	
Office staff benefits	\$ 8,110
Fayette County:	
Office staff benefits	4,899
Effingham County:	
Office staff benefits	4,914
State of Illinois:	
Regional Superintendent-salary	96,435
Regional Superintendent-benefits (includes State paid insurance)	25,346
Assistant Regional Superintendent-salary	86,792
Assistant Regional Superintendent-benefits (includes State paid insurance)	24,089
THIS contributions	3,645
TRS pension contributions	132,990
	\$ 387,220

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education.

The on-behalf payments are reflected as revenues and expenditures of the General Fund.

**11. RISK MANAGEMENT - CLAIMS AND JUDGEMENTS**

The Regional Office of Education #3 is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation; and natural disasters. The Regional Office of Education #3 is covered by commercial insurance to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years.

**12. OPERATING LEASE**

The Bond, Fayette, and Effingham Counties Regional Office of Education #3 has entered into annual operating leases through June 30, 2011 for its Alternative Education Programs to provide classroom space for the Focus and New Approach Schools and office space for grant programs. Rent expense for 2011 totaled \$64,320.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**NOTES TO FINANCIAL STATEMENTS**

**13. DUE TO/FROM OTHER GOVERNMENTS**

The Regional Office of Education #3's General, Education and Nonmajor Special Revenue Funds have amounts due from and due to various other governmental units which consist of the following at June 30, 2011:

Due From Other Governments:

General Fund:	
Local school districts	<u>\$ 833</u>
Education Fund:	
Illinois State Board of Education	257,019
Illinois Community College Board	<u>31,170</u>
	<u>288,189</u>
Nonmajor Governmental Funds:	
Illinois Department of Corrections	4,455
Local school districts	<u>210</u>
	<u>4,665</u>
Enterprise Funds:	
Local school districts	<u>1,155</u>
Total	<u><u>\$ 294,842</u></u>

**14. CONTINGENCIES**

The Regional Office of Education #3 has received funding from federal and State grants in the current and prior years which are subject to audits by granting agencies. The Regional Office of Education #3 believes any adjustments that may arise will be insignificant to the Regional Office of Education #3's operations.

**15. DEFICIT FUND BALANCES**

The following individual funds carried the following deficit balances as of June 30, 2011:

ROE/ISC Operations	\$ 3,981
Truants Alternative/Optional Education Program	\$ 6,320
Adult Education & Family Literacy	\$ 28,620
Regional Safe Schools	\$ 5,346

The Regional Office of Education #3 intends to reduce these deficits by collecting revenues not considered "available" at June 30, 2011.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**NOTES TO FINANCIAL STATEMENTS**

**16. RECLASSIFICATIONS**

Effective July 1, 2010, the Bond, Fayette, and Effingham Counties Regional Office of Education #3 reclassified Attendance Officer, Cooperative Curriculum, General State Aid, and Tuition as part of the General Fund. The ROE/ISC Operations Fund was reclassified as an Education Fund. The reclassification was due to the implementation of GASB Statement No. 54.

	General Fund	Education Fund
Fund balance at June 30, 2010	\$ 117,265	\$ 211,022
Reclassification Adjustment	255,520	(255,520)
Fund balance restated at June 30, 2010	\$ 372,785	\$ (44,498)

**REQUIRED SUPPLEMENTARY INFORMATION  
(OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS)**

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF FUNDING PROGRESS  
UNAUDITED**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b - a) / c]</b>
12/31/2010	\$ 1,207,940	\$ 1,474,587	\$ 266,647	81.92 %	\$ 618,094	43.14 %
12/31/2009	1,098,927	1,276,996	178,069	86.06 %	576,703	30.88 %
12/31/2008	1,012,870	1,130,002	117,132	89.63 %	555,089	21.10 %

On a market value basis, the actuarial value of assets as of December 31, 2010 was \$1,271,397.  
On a market basis, the funded ratio would be 86.22 percent.

**SUPPLEMENTAL INFORMATION**

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
June 30, 2011**

	General	County	EIU
<b>ASSETS</b>			
Cash and cash equivalents	\$ 76,268	\$ 27,307	\$ 44,856
Due from other governments	-	-	-
	\$ 76,268	\$ 27,307	\$ 44,856
Total assets	\$ 76,268	\$ 27,307	\$ 44,856
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 317	\$ 351	\$ 37,416
Salaries and benefits payable	-	2,518	-
	317	2,869	37,416
Total liabilities	317	2,869	37,416
<b>FUND BALANCES</b>			
Assigned	-	-	7,440
Unassigned	75,951	24,438	-
	75,951	24,438	7,440
Total fund balances	75,951	24,438	7,440
Total liabilities and fund balances	\$ 76,268	\$ 27,307	\$ 44,856

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
GENERAL FUND  
June 30, 2011**

	Attendance Officer	Curriculum COOP	Truant Alternative/ Optional Education GSA
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,167	\$ 2,541	\$ 272,378
Due from other governments	<u>          -</u>	<u>          -</u>	<u>          -</u>
Total assets	<u><u>\$ 8,167</u></u>	<u><u>\$ 2,541</u></u>	<u><u>\$ 272,378</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 3,191
Salaries and benefits payable	<u>          69</u>	<u>          -</u>	<u>          17,185</u>
Total liabilities	<u>          69</u>	<u>          -</u>	<u>          20,376</u>
<b>FUND BALANCES</b>			
Assigned	8,098	2,541	252,002
Unassigned	<u>          -</u>	<u>          -</u>	<u>          -</u>
Total fund balances	<u>          8,098</u>	<u>          2,541</u>	<u>          252,002</u>
Total liabilities and fund balances	<u><u>\$ 8,167</u></u>	<u><u>\$ 2,541</u></u>	<u><u>\$ 272,378</u></u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
GENERAL FUND  
June 30, 2011**

	<u>Regional Safe Schools Program GSA</u>	<u>Tuition</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 48,130	\$ 50,642	\$ 530,289
Due from other governments	<u>-</u>	<u>833</u>	<u>833</u>
Total assets	<u><u>\$ 48,130</u></u>	<u><u>\$ 51,475</u></u>	<u><u>\$ 531,122</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 349	\$ -	\$ 41,624
Salaries and benefits payable	<u>8,033</u>	<u>-</u>	<u>27,805</u>
Total liabilities	<u>8,382</u>	<u>-</u>	<u>69,429</u>
<b>FUND BALANCES</b>			
Assigned	39,748	51,475	361,304
Unassigned	<u>-</u>	<u>-</u>	<u>100,389</u>
	<u>39,748</u>	<u>51,475</u>	<u>461,693</u>
Total liabilities and fund balances	<u><u>\$ 48,130</u></u>	<u><u>\$ 51,475</u></u>	<u><u>\$ 531,122</u></u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
For the year ended June 30, 2011**

	<u>General</u>	<u>County</u>	<u>EIU</u>
<b>Revenues:</b>			
Local sources	\$ 40,296	\$ 158,650	\$ 139,588
State sources	-	-	-
On-behalf payments	387,220	-	-
Interest	1,214	-	-
	<u>428,730</u>	<u>158,650</u>	<u>139,588</u>
<b>Expenditures:</b>			
Salaries and benefits	19,401	162,799	2,736
Purchased services	7,431	29,314	137,431
Supplies and materials	316	3,661	632
Capital outlay	-	1,675	-
On-behalf payments	387,220	-	-
	<u>414,368</u>	<u>197,449</u>	<u>140,799</u>
Excess (deficiency) of revenues over (under) expenditures	14,362	(38,799)	(1,211)
Fund balances, beginning of year, restated	<u>61,589</u>	<u>63,237</u>	<u>8,651</u>
Fund balances, end of year	<u><u>\$ 75,951</u></u>	<u><u>\$ 24,438</u></u>	<u><u>\$ 7,440</u></u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)  
GENERAL FUND ACCOUNTS  
For the year ended June 30, 2011**

	Attendance Officer	Curriculum COOP	Truant Alternative/ Optional Education GSA
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Local sources	\$ 6,400	\$ 3,290	\$ 69
State sources	-	-	366,936
On-behalf payments	-	-	-
Interest	-	-	290
	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	<u>6,400</u>	<u>3,290</u>	<u>367,295</u>
Expenditures:			
Salaries and benefits	3,013	-	213,782
Purchased services	1,721	959	69,618
Supplies and materials	-	-	7,915
Capital outlay	-	-	-
On-behalf payments	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	<u>4,734</u>	<u>959</u>	<u>291,315</u>
Excess (deficiency) of revenues over (under) expenditures	1,666	2,331	75,980
Fund balances, beginning of year, restated	<u>6,432</u>	<u>210</u>	<u>176,022</u>
Fund balances, end of year	<u><u>\$ 8,098</u></u>	<u><u>\$ 2,541</u></u>	<u><u>\$ 252,002</u></u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)  
GENERAL FUND ACCOUNTS  
For the year ended June 30, 2011**

	Regional Safe Schools Program GSA	Tuition	Totals
Revenues:			
Local sources	\$ -	\$ 22,666	\$ 370,959
State sources	145,563	-	512,499
On-behalf payments	-	-	387,220
Interest	-	-	1,504
Total revenues	145,563	22,666	\$ 1,272,182
Expenditures:			
Salaries and benefits	114,806	-	516,537
Purchased services	2,980	-	249,454
Supplies and materials	15,864	-	28,388
Capital outlay	-	-	1,675
On-behalf payments	-	-	387,220
Total expenditures	133,650	-	1,183,274
Excess (deficiency) of revenues over (under) expenditures	11,913	22,666	88,908
Fund balances, beginning of year, restated	27,835	28,809	372,785
Fund balances, end of year	\$ 39,748	\$ 51,475	\$ 461,693

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2011**

	<u>Early Childhood</u>	<u>ROE/ISC Operations</u>	<u>Illinois Family Violence Coordinating Council</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ 15,093
Due from other governments	28,236	23,891	-
	<u>28,236</u>	<u>23,891</u>	<u>-</u>
Total assets	<u>\$ 28,236</u>	<u>\$ 23,891</u>	<u>\$ 15,093</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	-
Due to other funds	20,701	23,891	-
Deferred revenue	7,535	3,981	7,785
	<u>28,236</u>	<u>27,872</u>	<u>7,785</u>
Total liabilities	<u>28,236</u>	<u>27,872</u>	<u>7,785</u>
<b>FUND BALANCES (DEFICITS)</b>			
Restricted	-	-	7,308
Unassigned	-	(3,981)	-
	<u>-</u>	<u>(3,981)</u>	<u>7,308</u>
Total fund balance	<u>-</u>	<u>(3,981)</u>	<u>7,308</u>
Total liabilities and fund balances	<u>\$ 28,236</u>	<u>\$ 23,891</u>	<u>\$ 15,093</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
EDUCATION FUND  
June 30, 2011**

	RESPRO	Truants Alternative/ Optional Education	Adult Education & Family Literacy
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ 13,473
Due from other governments	-	51,320	31,170
	-	51,320	31,170
Total assets	\$ -	\$ 51,320	\$ 44,643
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 12,974
Salaries and benefits payable	-	6,626	3,756
Due to other funds	-	44,694	27,913
Deferred revenue	-	6,320	28,620
	-	57,640	73,263
Total liabilities	-	57,640	73,263
<b>FUND BALANCES (DEFICITS)</b>			
Restricted	-	-	-
Unassigned	-	(6,320)	(28,620)
	-	(6,320)	(28,620)
Total fund balance	-	(6,320)	(28,620)
Total liabilities and fund balances	\$ -	\$ 51,320	\$ 44,643

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
EDUCATION FUND  
June 30, 2011**

	<u>Regional Safe Schools</u>	<u>McKinney Education for Homeless Children</u>	<u>ASPIRE - South</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 8,615	\$ -
Due from other governments	39,096	10,439	-
	<hr/>	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 39,096</b>	<b>\$ 19,054</b>	<b>\$ -</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 36	\$ -
Salaries and benefits payable	2,799	-	-
Due to other funds	36,297	-	-
Deferred revenue	5,346	19,018	-
	<hr/>	<hr/>	<hr/>
<b>Total liabilities</b>	<b>44,442</b>	<b>19,054</b>	<b>-</b>
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES (DEFICITS)</b>			
Restricted	-	-	-
Unassigned	(5,346)	-	-
	<hr/>	<hr/>	<hr/>
<b>Total fund balance</b>	<b>(5,346)</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>	<hr/>
<b>Total liabilities and fund balances</b>	<b>\$ 39,096</b>	<b>\$ 19,054</b>	<b>\$ -</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
EDUCATION FUND  
June 30, 2011**

	<u>Office on Violence Against Women Rural Grant</u>	<u>Beginning Teacher Induction Pilot Program</u>	<u>Alternative Education Programs - Other</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 39,749	\$ -	\$ 51,971
Due from other governments	<u>-</u>	<u>36,554</u>	<u>347</u>
Total assets	<u><u>\$ 39,749</u></u>	<u><u>\$ 36,554</u></u>	<u><u>\$ 52,318</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	-
Due to other funds	-	2,071	-
Deferred revenue	<u>39,749</u>	<u>34,483</u>	<u>-</u>
Total liabilities	<u>39,749</u>	<u>36,554</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>			
Restricted	-	-	52,318
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>52,318</u>
Total liabilities and fund balances	<u><u>\$ 39,749</u></u>	<u><u>\$ 36,554</u></u>	<u><u>\$ 52,318</u></u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
EDUCATION FUND  
June 30, 2011**

	<u>ARRA - McKinney Education for Homeless Children</u>	<u>The Center</u>	<u>Gifted Education Seminar</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Due from other governments	4,652	4,000	-
<b>Total assets</b>	<u>\$ 4,652</u>	<u>\$ 4,000</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	-
Due to other funds	-	4,000	-
Deferred revenue	4,652	-	-
<b>Total liabilities</b>	<u>4,652</u>	<u>4,000</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>			
Restricted	-	-	-
Unassigned	-	-	-
<b>Total fund balance</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u>\$ 4,652</u>	<u>\$ 4,000</u>	<u>\$ -</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
EDUCATION FUND  
June 30, 2011**

	Title I Reading First Part B SEA	ARRA Education Jobs (TAOEP)	ARRA Education Jobs (RSSP)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Due from other governments	-	6,076	2,408
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ -</u>	<u>\$ 6,076</u>	<u>\$ 2,408</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Salaries and benefits payable	-	3,039	1,203
Due to other funds	-	3,037	1,205
Deferred revenue	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>-</u>	<u>6,076</u>	<u>2,408</u>
<b>FUND BALANCES (DEFICITS)</b>			
Restricted	-	-	-
Unassigned	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 6,076</u>	<u>\$ 2,408</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
EDUCATION FUND  
June 30, 2011**

	<u>ARRA - Title I School Improvement &amp; Accountability</u>	<u>Total</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 128,901
Due from other governments	50,000	288,189
	<u>50,000</u>	<u>288,189</u>
Total assets	<u>\$ 50,000</u>	<u>\$ 417,090</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 13,010
Salaries and benefits payable	-	17,423
Due to other funds	27,903	191,712
Deferred revenue	22,097	179,586
	<u>50,000</u>	<u>401,731</u>
Total liabilities	<u>50,000</u>	<u>401,731</u>
<b>FUND BALANCES (DEFICITS)</b>		
Restricted	-	59,626
Unassigned	-	(44,267)
	<u>-</u>	<u>15,359</u>
Total fund balance	<u>-</u>	<u>15,359</u>
Total liabilities and fund balances	<u>\$ 50,000</u>	<u>\$ 417,090</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2011**

	<u>Early Childhood</u>	<u>ROE/ISC Operations</u>	<u>Illinois Family Violence Coordinating Council</u>
<b>Revenues:</b>			
Local sources	\$ -	\$ -	\$ 8,804
State sources	65,252	65,228	7,085
Federal sources	-	-	-
	<u>65,252</u>	<u>65,228</u>	<u>15,889</u>
<b>Expenditures:</b>			
Salaries and benefits	42,872	30,696	14,101
Purchased services	4,715	18,597	7,799
Supplies and materials	212	3,569	665
Capital outlay	-	-	-
Payments to other governments	-	-	-
Other objects	-	135	-
	<u>47,799</u>	<u>52,997</u>	<u>22,565</u>
Excess (deficiency) of revenues over (under) expenditures	17,453	12,231	(6,676)
Fund balances (deficits), beginning of year restated	<u>(17,453)</u>	<u>(16,212)</u>	<u>13,984</u>
Fund balances (deficits), end of year	<u>\$ -</u>	<u>\$ (3,981)</u>	<u>\$ 7,308</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2011**

	<u>RESPRO</u>	<u>Truants Alternative/ Optional Education</u>	<u>Adult Education &amp; Family Literacy</u>
<b>Revenues:</b>			
Local sources	\$ -	\$ -	\$ -
State sources	-	129,465	34,685
Federal sources	14,871	-	30,913
<b>Total revenues</b>	<u>14,871</u>	<u>129,465</u>	<u>65,598</u>
<b>Expenditures:</b>			
Salaries and benefits	14,766	96,736	56,253
Purchased services	95	6,190	12,577
Supplies and materials	10	1,013	13,874
Capital outlay	-	-	-
Payments to other governments	-	-	-
Other objects	-	-	-
<b>Total expenditures</b>	<u>14,871</u>	<u>103,939</u>	<u>82,704</u>
Excess (deficiency) of revenues over (under) expenditures	-	25,526	(17,106)
Fund balances (deficits), beginning of year restated	<u>-</u>	<u>(31,846)</u>	<u>(11,514)</u>
<b>Fund balances (deficits), end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ (6,320)</u></u>	<u><u>\$ (28,620)</u></u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2011**

	Regional Safe Schools	McKinney Education for Homeless Children	ASPIRE - South
<b>Revenues:</b>			
Local sources	\$ -	\$ -	\$ 7,844
State sources	104,871	-	-
Federal sources	-	233,299	-
<b>Total revenues</b>	<b>104,871</b>	<b>233,299</b>	<b>7,844</b>
<b>Expenditures:</b>			
Salaries and benefits	46,362	74,741	7,796
Purchased services	26,868	34,720	-
Supplies and materials	8,179	9,611	48
Capital outlay	-	-	-
Payments to other governments	-	114,227	-
Other objects	-	-	-
<b>Total expenditures</b>	<b>81,409</b>	<b>233,299</b>	<b>7,844</b>
Excess (deficiency) of revenues over (under) expenditures	23,462	-	-
Fund balances (deficits), beginning of year restated	(28,808)	-	-
<b>Fund balances (deficits), end of year</b>	<b>\$ (5,346)</b>	<b>\$ -</b>	<b>\$ -</b>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2011**

	<u>Office on Violence Against Women Rural Grant</u>	<u>Beginning Teacher Induction Pilot Program</u>	<u>Alternative Education Programs - Other</u>
Revenues:			
Local sources	\$ -	\$ -	\$ 36,288
State sources	-	101,287	1,496
Federal sources	168,066	-	29,428
	<u>168,066</u>	<u>101,287</u>	<u>67,212</u>
Total revenues	<u>168,066</u>	<u>101,287</u>	<u>67,212</u>
Expenditures:			
Salaries and benefits	52,911	27,850	-
Purchased services	15,010	50,747	64,497
Supplies and materials	7,300	12,474	1,135
Capital outlay	-	-	5,570
Payments to other governments	92,845	1,259	-
Other objects	-	-	-
	<u>168,066</u>	<u>92,330</u>	<u>71,202</u>
Total expenditures	<u>168,066</u>	<u>92,330</u>	<u>71,202</u>
Excess (deficiency) of revenues over (under) expenditures	-	8,957	(3,990)
Fund balances (deficits), beginning of year restated	<u>-</u>	<u>(8,957)</u>	<u>56,308</u>
Fund balances (deficits), end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,318</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2010**

	ARRA - McKinney Education for Homeless Children	The Center	Gifted Education Seminar
Revenues:			
Local sources	\$ -	\$ 11,500	\$ -
State sources	-	-	30,729
Federal sources	64,586	-	-
Total revenues	<u>64,586</u>	<u>11,500</u>	<u>30,729</u>
Expenditures:			
Salaries and benefits	58,080	10,583	8,788
Purchased services	2,182	809	489
Supplies and materials	4,330	108	4,590
Capital outlay	-	-	-
Payments to other governments	(6)	-	16,862
Other objects	-	-	-
Total expenditures	<u>64,586</u>	<u>11,500</u>	<u>30,729</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Fund balances (deficits), beginning of year restated	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits), end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2011**

	Title I Reading First Part B SEA	ARRA - Education Jobs (TAOEP)	ARRA - Education Jobs (RSSP)
<b>Revenues:</b>			
Local sources	\$ -	\$ -	\$ -
State sources	-	-	-
Federal sources	8,007	33,409	13,253
<b>Total revenues</b>	<b>8,007</b>	<b>33,409</b>	<b>13,253</b>
<b>Expenditures:</b>			
Salaries and benefits	2,814	33,409	13,253
Purchased services	2,500	-	-
Supplies and materials	2,693	-	-
Capital outlay	-	-	-
Payments to other governments	-	-	-
Other objects	-	-	-
<b>Total expenditures</b>	<b>8,007</b>	<b>33,409</b>	<b>13,253</b>
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Fund balances (deficits), beginning of year restated	-	-	-
<b>Fund balances (deficits), end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2011**

	<u>ARRA - Title I School Improvement &amp; Accountability</u>	<u>Total</u>
<b>Revenues:</b>		
Local sources	\$ -	\$ 64,436
State sources	-	540,098
Federal sources	97,903	693,735
	<u>97,903</u>	<u>693,735</u>
Total revenues	<u>97,903</u>	<u>1,298,269</u>
<b>Expenditures:</b>		
Salaries and benefits	87,016	679,027
Purchased services	8,142	255,937
Supplies and materials	527	70,338
Capital outlay	-	5,570
Payments to other governments	2,218	227,405
Other objects	-	135
	<u>97,903</u>	<u>1,238,412</u>
Total expenditures	<u>97,903</u>	<u>1,238,412</u>
Excess (deficiency) of revenues over (under) expenditures	-	59,857
Fund balances (deficits), beginning of year restated	<u>-</u>	<u>(44,498)</u>
Fund balances (deficits), end of year	<u>\$ -</u>	<u>\$ 15,359</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
EARLY CHILDHOOD - PROJECT #10-3705-00  
For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
Revenues:				
State sources	<u>\$ 23,982</u>	<u>\$ 21,584</u>	<u>\$ 6,000</u>	<u>\$ (15,584)</u>
Expenditures:				
Salaries and benefits	22,580	19,280	-	19,280
Purchased services	1,352	2,204	-	2,204
Supplies and materials	<u>50</u>	<u>100</u>	<u>-</u>	<u>100</u>
Total expenditures	<u>23,982</u>	<u>21,584</u>	<u>-</u>	<u>21,584</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	6,000	<u>\$ 6,000</u>
Fund balance (deficit), beginning of year			<u>(6,000)</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
EARLY CHILDHOOD - PROJECT #11-3705-00  
For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
<b>Revenues:</b>				
State sources	<u>\$ 21,584</u>	<u>\$ 21,584</u>	<u>\$ 18,026</u>	<u>\$ (3,558)</u>
<b>Expenditures:</b>				
Salaries and benefits	14,945	14,945	14,887	58
Purchased services	6,150	4,650	2,983	1,667
Supplies and materials	<u>489</u>	<u>1,989</u>	<u>156</u>	<u>1,833</u>
Total expenditures	<u>21,584</u>	<u>21,584</u>	<u>18,026</u>	<u>3,558</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
EARLY CHILDHOOD - PROJECT #10-3705-01  
For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
Revenues:				
State sources	<u>\$ 32,611</u>	<u>\$ 32,611</u>	<u>\$ 11,453</u>	<u>\$ (21,158)</u>
Expenditures:				
Salaries and benefits	30,250	30,250	-	30,250
Purchased services	2,301	2,301	-	2,301
Supplies and materials	<u>60</u>	<u>60</u>	<u>-</u>	<u>60</u>
Total expenditures	<u>32,611</u>	<u>32,611</u>	<u>-</u>	<u>32,611</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	11,453	<u>\$ 11,453</u>
Fund balance (deficit), beginning of year			<u>(11,453)</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
EARLY CHILDHOOD - PROJECT #11-3705-01  
For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
Revenues:				
State sources	<u>\$ 32,611</u>	<u>\$ 39,816</u>	<u>\$ 29,773</u>	<u>\$ (10,043)</u>
Expenditures:				
Salaries and benefits	27,995	35,200	27,985	7,215
Purchased services	4,509	3,509	1,732	1,777
Supplies and materials	<u>107</u>	<u>1,107</u>	<u>56</u>	<u>1,051</u>
Total expenditures	<u>32,611</u>	<u>39,816</u>	<u>29,773</u>	<u>10,043</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
ROE/ISC OPERATIONS - PROJECT #10-3730-00  
For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	<u>\$ 49,887</u>	<u>\$ 58,212</u>	<u>\$ 16,212</u>	<u>\$ (42,000)</u>
Expenditures:				
Salaries and Benefits	34,820	34,300	-	34,300
Purchased services	12,300	15,020	-	15,020
Supplies and materials	767	3,012	-	3,012
Capital outlay	1,700	5,500	-	5,500
Other objects	<u>300</u>	<u>380</u>	<u>-</u>	<u>380</u>
Total expenditures	<u>49,887</u>	<u>58,212</u>	<u>-</u>	<u>58,212</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	16,212	<u>\$ 16,212</u>
Fund balance (deficit), beginning of year			<u>(16,212)</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
ROE/ISC OPERATIONS - PROJECT #11-3730-00  
For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
<b>Revenues:</b>				
State sources	<u>\$ 29,106</u>	<u>\$ 52,997</u>	<u>\$ 49,016</u>	<u>\$ (3,981)</u>
<b>Expenditures:</b>				
Salaries and Benefits	8,260	31,125	30,696	429
Purchased services	14,746	15,772	18,597	(2,825)
Supplies and materials	3,600	3,600	3,569	31
Capital outlay	2,000	2,000	-	2,000
Other objects	<u>500</u>	<u>500</u>	<u>135</u>	<u>365</u>
Total expenditures	<u>29,106</u>	<u>52,997</u>	<u>52,997</u>	<u>-</u>
Deficiency of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	(3,981)	<u>\$ (3,981)</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance (deficit), end of year			<u>\$ (3,981)</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION - PROJECT #10-3695-00  
For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
Revenues:				
State sources	<u>\$ 119,965</u>	<u>\$ 119,965</u>	<u>\$ 39,465</u>	<u>\$ (80,500)</u>
Expenditures:				
Salaries and benefits	102,821	98,814	7,619	91,195
Purchased services	14,163	17,993	-	17,993
Supplies and materials	<u>2,981</u>	<u>3,158</u>	<u>-</u>	<u>3,158</u>
Total expenditures	<u>119,965</u>	<u>119,965</u>	<u>7,619</u>	<u>112,346</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	31,846	<u>\$ 31,846</u>
Fund balance (deficit), beginning of year (restated)			<u>(31,846)</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION - PROJECT #11-3695-00  
For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	<u>\$ 96,320</u>	<u>\$ 96,320</u>	<u>\$ 90,000</u>	<u>\$ (6,320)</u>
Expenditures:				
Salaries and benefits	89,112	89,122	89,117	5
Purchased services	7,208	5,748	6,190	(442)
Supplies and materials	<u>-</u>	<u>1,450</u>	<u>1,013</u>	<u>437</u>
Total expenditures	<u>96,320</u>	<u>96,320</u>	<u>96,320</u>	<u>-</u>
Deficiency of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	(6,320)	<u>\$ (6,320)</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance (deficit), end of year			<u>\$ (6,320)</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
ADULT EDUCATION & FAMILY LITERACY - PROJECT #501AA (FY 2010)  
For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
Revenues:				
State sources	\$ 38,104	\$ 42,101	\$ 13,524	\$ (28,577)
Federal sources	<u>27,391</u>	<u>27,391</u>	<u>1,522</u>	<u>(25,869)</u>
Total revenues	<u>65,495</u>	<u>69,492</u>	<u>15,046</u>	<u>(54,446)</u>
Expenditures:				
Salaries and benefits	50,681	50,681	3,648	47,033
Purchased services	5,404	5,404	-	5,404
Supplies and materials	<u>9,410</u>	<u>13,407</u>	<u>(116)</u>	<u>13,523</u>
Total expenditures	<u>65,495</u>	<u>69,492</u>	<u>3,532</u>	<u>65,960</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	11,514	<u>\$ 11,514</u>
Fund balance (deficit), beginning of year			<u>(11,514)</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
ADULT EDUCATION & FAMILY LITERACY - PROJECT #501AA (FY 2011)  
For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	\$ 39,781	\$ 49,781	\$ 21,161	\$ (28,620)
Federal sources	29,391	29,391	29,391	-
Total revenues	<u>69,172</u>	<u>79,172</u>	<u>50,552</u>	<u>(28,620)</u>
Expenditures:				
Salaries and benefits	44,784	44,784	52,605	(7,821)
Purchased services	19,428	19,428	12,577	6,851
Supplies and materials	4,960	14,960	13,990	970
Total expenditures	<u>69,172</u>	<u>79,172</u>	<u>79,172</u>	<u>-</u>
Deficiency of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	(28,620)	<u>\$ (28,620)</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance (deficit), end of year			<u>\$ (28,620)</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
REGIONAL SAFE SCHOOLS - PROJECT #10-3696-00  
For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
Revenues:				
State sources	<u>\$114,371</u>	<u>\$114,371</u>	<u>\$ 37,371</u>	<u>\$ (77,000)</u>
Expenditures:				
Salaries and Benefits	111,893	111,893	8,563	103,330
Purchased services	663	663	-	663
Supplies and materials	<u>1,815</u>	<u>1,815</u>	<u>-</u>	<u>1,815</u>
Total expenditures	<u>114,371</u>	<u>114,371</u>	<u>8,563</u>	<u>105,808</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	28,808	<u>\$ 28,808</u>
Fund balance (deficit), beginning of year (restated)			<u>(28,808)</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
REGIONAL SAFE SCHOOLS - PROJECT #11-3696-00  
For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	<u>\$ 72,846</u>	<u>\$ 72,846</u>	<u>\$ 67,500</u>	<u>\$ (5,346)</u>
Expenditures:				
Salaries and Benefits	37,799	37,799	37,799	-
Purchased services	27,832	27,012	26,868	144
Supplies and materials	<u>7,215</u>	<u>8,035</u>	<u>8,179</u>	<u>(144)</u>
Total expenditures	<u>72,846</u>	<u>72,846</u>	<u>72,846</u>	<u>-</u>
Deficiency of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	(5,346)	<u>\$ (5,346)</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance (deficit), end of year			<u>\$ (5,346)</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
MCKINNEY EDUCATION FOR HOMELESS CHILDREN - PROJECT #10-4920-00  
For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources	<u>\$ 216,607</u>	<u>\$ 255,944</u>	<u>\$ 4,952</u>	<u>\$(250,992)</u>
Expenditures:				
Salaries and benefits	79,520	118,498	2,880	115,618
Purchased services	38,650	38,841	2,986	35,855
Supplies and materials	6,300	17,240	257	16,983
Capital outlay	-	6,500	-	6,500
Payments to other gov'ts	<u>92,137</u>	<u>74,865</u>	<u>(1,171)</u>	<u>76,036</u>
Total expenditures	<u>216,607</u>	<u>255,944</u>	<u>4,952</u>	<u>250,992</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
MCKINNEY EDUCATION FOR HOMELESS CHILDREN - PROJECT #11-4920-00  
For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources	<u>\$ 245,706</u>	<u>\$ 255,944</u>	<u>\$ 228,347</u>	<u>\$ (27,597)</u>
Expenditures:				
Salaries and benefits	36,933	73,122	71,861	1,261
Purchased services	14,487	47,757	31,734	16,023
Supplies and materials	2,200	14,200	9,354	4,846
Payments to other gov'ts	<u>192,086</u>	<u>120,865</u>	<u>115,398</u>	<u>5,467</u>
Total expenditures	<u>245,706</u>	<u>255,944</u>	<u>228,347</u>	<u>27,597</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
BEGINNING TEACHER INDUCTION PILOT PROGRAM - PROJECT #10-3982-00  
For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	<u>\$ 83,531</u>	<u>\$ 83,531</u>	<u>\$ 69,215</u>	<u>\$ (14,316)</u>
Expenditures:				
Salaries and benefits	12,000	15,400	18,287	(2,887)
Purchased services	59,481	56,081	38,982	17,099
Supplies and materials	<u>12,050</u>	<u>12,050</u>	<u>2,989</u>	<u>9,061</u>
Total expenditures	<u>83,531</u>	<u>83,531</u>	<u>60,258</u>	<u>23,273</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	8,957	<u>\$ 8,957</u>
Fund balance (deficit), beginning of year			<u>(8,957)</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
BEGINNING TEACHER INDUCTION PILOT PROGRAM - PROJECT #11-3982-00  
For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	<u>\$ 66,554</u>	<u>\$ 66,554</u>	<u>\$ 32,072</u>	<u>\$ (34,482)</u>
Expenditures:				
Salaries and benefits	11,850	16,600	9,563	7,037
Purchased services	14,704	18,904	11,765	7,139
Supplies and materials	10,000	10,000	9,485	515
Payments to other gov'ts	<u>30,000</u>	<u>21,050</u>	<u>1,259</u>	<u>19,791</u>
Total expenditures	<u>66,554</u>	<u>66,554</u>	<u>32,072</u>	<u>34,482</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
ARRA-MCKINNEY EDUCATION FOR HOMELESS CHILDREN -  
PROJECT #10-4862-00  
For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
Revenues:				
Federal sources	<u>\$ 214,867</u>	<u>\$ 214,867</u>	<u>\$ 64,586</u>	<u>\$ (150,281)</u>
Expenditures:				
Salaries and benefits	18,425	59,485	58,080	1,405
Purchased services	1,000	2,000	2,182	(182)
Supplies and materials	108	8,295	4,330	3,965
Capital outlay	-	5,000	-	5,000
Payments to other gov'ts	<u>195,334</u>	<u>140,087</u>	<u>(6)</u>	<u>140,093</u>
Total expenditures	<u>214,867</u>	<u>214,867</u>	<u>64,586</u>	<u>150,281</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
GIFTED EDUCATION SEMINAR - PROJECT #09-3350-00  
For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	<u>\$ 63,374</u>	<u>\$ 63,374</u>	<u>\$ 30,729</u>	<u>\$ (32,645)</u>
Expenditures:				
Salaries and benefits	31,800	31,800	8,788	23,012
Purchased services	7,324	5,245	489	4,756
Supplies and materials	7,750	7,750	4,590	3,160
Payments to other gov'ts	<u>16,500</u>	<u>18,579</u>	<u>16,862</u>	<u>1,717</u>
Total expenditures	<u>63,374</u>	<u>63,374</u>	<u>30,729</u>	<u>32,645</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TITLE I READING FIRST PART B SEA- PROJECT #10-4337-00  
For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
Revenues:				
Federal sources	<u>\$ 8,007</u>	<u>\$ 8,007</u>	<u>\$ 8,007</u>	<u>\$ -</u>
Expenditures:				
Salaries and benefits	2,741	2,741	2,814	(73)
Purchased services	2,213	2,213	2,500	(287)
Supplies and materials	<u>3,053</u>	<u>3,053</u>	<u>2,693</u>	<u>360</u>
Total expenditures	<u>8,007</u>	<u>8,007</u>	<u>8,007</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS**

**ARRA - TITLE I - SCHOOL IMPROVEMENT AND ACCOUNTABILITY -  
PROJECT #11-4854-00**

**For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
Revenues:				
Federal sources	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 97,903</u>	<u>\$ (22,097)</u>
Expenditures:				
Salaries and benefits	74,970	87,250	87,016	234
Purchased services	14,898	14,898	8,142	6,756
Supplies and materials	4,050	4,050	527	3,523
Payments to other gov'ts	<u>26,082</u>	<u>13,802</u>	<u>2,218</u>	<u>11,584</u>
Total expenditures	<u>120,000</u>	<u>120,000</u>	<u>97,903</u>	<u>22,097</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2011**

	<u>General Education Development</u>	<u>ROE School Bus Driver Training</u>	<u>Supervisory</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 18,052	\$ 13,278	\$ 4,838
Due from other governments	4,455	210	-
	<u>22,507</u>	<u>13,488</u>	<u>4,838</u>
Total assets	<u>\$ 22,507</u>	<u>\$ 13,488</u>	<u>\$ 4,838</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 3,605	\$ -
<b>FUND BALANCES</b>			
Restricted	<u>22,507</u>	<u>9,883</u>	<u>4,838</u>
Total liabilities and fund balances	<u>\$ 22,507</u>	<u>\$ 13,488</u>	<u>\$ 4,838</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING BALANCE SHEET (Continued)  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2011**

	<u>Institute</u>	<u>Total</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 22,278	\$ 58,446
Due from other governments	-	4,665
	<u>          </u>	<u>          </u>
Total assets	<u>\$ 22,278</u>	<u>\$ 63,111</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 3,605
<b>FUND BALANCES</b>		
Restricted	<u>22,278</u>	<u>59,506</u>
	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 22,278</u>	<u>\$ 63,111</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the year ended June 30, 2011**

	General Education Development	ROE School Bus Driver Training	Supervisory
Revenues:			
Local sources	\$ 7,129	\$ 10,842	\$ -
State sources	15,852	817	-
Total revenues	<u>22,981</u>	<u>11,659</u>	<u>-</u>
Expenditures:			
Salaries and benefits	12,551	-	-
Purchased services	2,499	7,245	208
Supplies and materials	4,097	30	43
Total expenditures	<u>19,147</u>	<u>7,275</u>	<u>251</u>
Excess (deficiency) of revenues over (under) expenditures	3,834	4,384	(251)
Fund balance, beginning of year	<u>18,673</u>	<u>5,499</u>	<u>5,089</u>
Fund balance, end of year	<u><u>\$ 22,507</u></u>	<u><u>\$ 9,883</u></u>	<u><u>\$ 4,838</u></u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)  
NONMAJOR SPECIAL REVENUE FUNDS  
For the year ended June 30, 2011**

	Institute	Total
<b>Revenues:</b>		
Local sources	\$ 26,230	\$ 44,201
State sources	-	16,669
Total revenues	26,230	60,870
 <b>Expenditures:</b>		
Salaries and benefits	-	12,551
Purchased services	17,429	27,381
Supplies and materials	-	4,170
Total expenditures	17,429	44,102
 Excess (deficiency) of revenues over (under) expenditures	8,801	16,768
 Fund balance, beginning of year	13,477	42,738
 Fund balance, end of year	\$ 22,278	\$ 59,506

**FEDERAL FINANCIAL COMPLIANCE SECTION**

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended June 30, 2011**

	Federal Grantor/ Pass-Through Grantor Program or Cluster Title	CFDA Number	Project # (1st 8 digits) or Contract #	Federal Expenditures 7/1/10 - 6/30/11
<b>U.S. Department of Education:</b>				
<i>Passed through Illinois State Board of Education</i>				
Reading First State Grants:				
(M)	Title I Reading First Part B SEA	84.357A	10-4337-00	\$ 8,007
Education Jobs Fund:				
(M)	ARRA Education Jobs Program	84.410A	11-4880-92	33,409
(M)	ARRA Education Jobs Program	84.410A	11-4880-93	13,253
				<u>46,662</u>
Education of Homeless Children and Youth Cluster:				
(M)	ARRA - McKinney Education for Homeless Children	84.387A	10-4862-00	64,586
(M)	McKinney Education for Homeless Children	84.196A	10-4920-00	4,952
(M)	McKinney Education for Homeless Children	84.196A	11-4920-00	228,347
				<u>233,299</u>
	Total Education of Homeless Children and Youth Cluster			<u>297,885</u>
Title I, Part A Cluster:				
	ARRA - Title I - School Improvement & Accountability	84.389A	11-4854-00	97,903
<i>Passed through St. Claire Regional Office of Education #50</i>				
	Title I School Improvement & Accountability System of Support	84.010A	10-4331-SS	14,871
	Total Title I, Part A Cluster			<u>112,774</u>
<i>Passed through Illinois Community College Board</i>				
	Adult Education and Family Literacy	84.002A	501AA	30,913
	Total U.S. Department of Education			<u>496,241</u>
<b>U.S. Department of Agriculture:</b>				
<i>Passed through Illinois State Board of Education</i>				
Child Nutrition Cluster:				
	National School Lunch Program	10.555	10-4210-00	3,451
	National School Lunch Program	10.555	11-4210-00	18,245
				<u>21,696</u>
	School Breakfast Program	10.553	10-4220-00	891
	School Breakfast Program	10.553	11-4220-00	6,841
				<u>7,732</u>
	Total Child Nutrition Cluster			<u>29,428</u>
<b>U.S. Department of Justice:</b>				
<i>Passed through Illinois Criminal Justice Information Authority</i>				
	Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Programs	16.589	608900	168,066
<b>TOTAL</b>				<u>\$ 693,735</u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended June 30, 2011**

**1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Regional Office of Education #3 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**2. SUBRECIPIENTS**

Of the federal expenditures presented in the schedule, the Regional Office of Education #3 provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
McKinney Education for Homeless Children	84.196A	<u>\$ 114,227</u>
ARRA - Title I - School Improvement & Accountability	84.389A	<u>\$ 2,218</u>
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Programs	16.589	<u>\$ 92,845</u>

**3. DESCRIPTIONS OF MAJOR FEDERAL PROGRAMS**

**Education of Homeless Children and Youth Cluster** – These programs provide training and technical assistance to school districts in the 16 counties to assist school officials in understanding and complying with the McKinney-Vento Act. The cluster includes American Recovery and Reinvestment Act funding to fund programs and services to support homeless education, including creating, retaining and funding positions for trainers, liaisons, tutors, teachers, and counselors.

**American Recovery and Reinvestment Act – Education Jobs** – The Regional Office of Education #3 received federal funding to create new jobs or retain jobs that were at risk of being lost due to a lack of funding for the Truant Alternative/Optional Education and Regional Safe Schools Programs.

**Title I – Reading First Part B SEA** – This grant provided training to primary teachers utilizing the Reading First modules.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #3**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended June 30, 2011**

**4. NON-CASH ASSISTANCE**

The note is not applicable to Regional Office of Education #3.

**5. AMOUNT OF INSURANCE**

The note is not applicable to Regional Office of Education #3.

**6. LOANS OR LOAN GUARANTEES OUTSTANDING**

The note is not applicable to Regional Office of Education #3.